FINANCIAL TIMES

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NEWS SUMMARY

GENERAL

Spanish deaths 'near to 300'

A death toll of nearly 300 was predicted as more people died in the wake of the Spanish holiday camp disaster. The Spanish Government said that at least 120 survivors were certain to die in addition to the official death toll of 170.

A tanker lorry carrying gas ploughed into the camp site at San Carlos de la Rapida on Wednesday. It exploded and 118 people, mainly German and French tourists, died outright.

As Spaniards began burying the dead, there were bitter local protests from people who said they had feared such a disaster for several years. Pages 2 and 8

Carter attacks Soviet trials

President Carter described Soviet treatment of Mr. Anatoly Shcharansky, accused of working for the CIA, as "an attack on every human being who believes in freedom." Mr. Carter was speaking on ITN's News at Ten on the eve of the Bonn summit and as the SALT talks resumed in Geneva.

The State prosecutor has demanded a sentence of eight years in a labour camp and three years internal exile for Mr. Alexander Ginzburg, the other dissident on trial. Back Page

M-way crash

A coach overturned on a motorway slip road at South Faversham, Kent, and plunged on to the M2, injuring 28 people, 4 seriously. A fleet of ambulances ferried the injured to Canterbury Hospital.

Remarriage

Church of England general synod rejected—by a majority of seven—a proposal to allow divorced people to remarry in church. The decision, by 213 votes to 206, rejects a recommendation by the synod's own Marriage Commission.

Army accused

The Rev. Ian Paisley accused the Army of making dishonest attempts to conceal their "terrible mistake" in killing a 16-year-old boy in Co. Antrim on Tuesday. The boy died when he returned to look at arms he had found in a graveyard. Mr. Paisley, MP for the area, is seeking talks with Mr. Roy Mason, Ulster Secretary.

Oilmen disagree

Three of the UK's largest oil companies revealed fundamental disagreements over tanker operations when they gave evidence to a committee of MPs investigating methods of accident prevention at sea. Page 8

Japan-China link

Japanese arms manufacturers are to visit China in September, mainly to discuss technical exchanges. But the Chinese are likely to ask about weapon purchases and the Japanese are expecting to meet officials responsible for aircraft and missile production. Page 4

Briefly . . .

Weather forecasters in Edmonton, Alberta, were put out of action during a summer storm when their building was struck by lightning.

Museums should stay open during public holidays, says the Standing Commision on Museums and Galleries. Page 8

A woman left paralysed when a car driven by her former husband crashed was awarded £71,000 damages in the High Court.

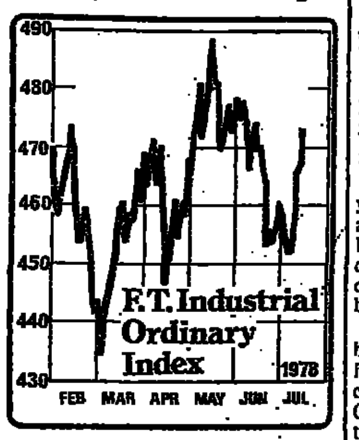
Four children under five years died in a fire at their Edinburgh home.

Emergency services sealed off the Royal Seaforth container terminal, Merseyside, when a tander leaked a toxic form of ammonia. It was dispersed under control.

BUSINESS

Equities surge; gilts subdued

● EQUITIES embarked on a new rise, encouraged by favourable economic news. The morning session was quiet, partly reflecting the subdued gilts market. The FT 30-Share index gained 6 points to 473.3, its highest since June 13.



● GILTS were unimpressed by the banking statistics. The Government Securities index fell 0.13 to 69.98.

● STERLING closed 10 points up at $1.8855 after reaching $1.8865. Its trade-weighted index improved to 62.0 (61.9). The dollar's trade-weighted devaluation narrowed to 7.7 (7.8 per cent.).

● GOLD rose $1 to $180⅞. The New York Comex July settlement was $186.50 ($185.70).

● WALL STREET closed 3.64 higher at 824.93.

Aid for worker co-operatives

● CO-OP BANK launched a special financial assistance scheme for worker-owned ventures. The Government confirmed that Lord Oram would be the first chairman of the Co-operative Development Agency. Page 6

● BL, formerly British Leyland, could increase production by 20 per cent if unofficial walk-outs and absenteeism were ended, according to Mr. Michael Edwardes, the chairman. Page 6 Disruption averted, Page 9

● KODAK, the UK subsidiary of Eastman Kodak of the US, is about to introduce a five-year "product interchange" programme in Europe. It will result in some products being transferred to France from the UK.

● PROFITABILITY of major international oil companies is expected to improve, according to a stockbrokers' report on the industry. Page 8. Petrol price rise shelved, Page 6

● CONSTRUCTION work will tail off rapidly next year, the National Council of Building Material Producers said. Page 6 Unemployment in the industry has fallen below 200,000. Mr. Peter Shore, Environment Secretary, told Parliament. Page 9

● WORLD BANK will issue $375m worth of yen denominated bonds. This is 50 per cent more than the largest previous yen denominated issue by any borrower but the Japanese Government. Page 34

COMPANIES

● CARTIERS SUPERFOODS' share offer was oversubscribed 105 times, attracting £186m from 48,000 applicants. Page 28

● ADAM OPEL, the West German *subsidiary of General* Motors, reported net profit of DM 339.5m (DM 765m) last year. Page 33

● INTERNATIONAL PAPER, the biggest U.S. paper group, had earnings of $69.3m ($59.1m) in the second quarter of this year. Page 32

● FURNESS WITHY has not needed to apply for its shipping loans to be rescheduled under the Government's new plan, which permits shipowners to suspend capital repayments on British-built ships for up to three years. Page 28 and Lex

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

lia TV A	82	+ 7
-ham	663	+ 8
k (A. and C.)	118	+ 5
ts	209	+ 6
wn (J.)	402	+ 10
ntryside Props.	46	+ 3
rtaulds	122	+ 4
lop	82	+ 7
	119	+ 12
n Feed	48	+ 6
h (W. G.)	70	+ 10
:o	573	+ 8
J	260	+ 6
	377	+ 5
sons Bourne End	73	+ 6
and Paint	79	+ 4
loya	64	+ 4
ington	557	+ 14
Robertson Foods	130	+ 5
Royal Insurance	362	+ 7
Wolstenholme Bronze	220	+ 10
BP	884	+ 10
Siebens (UK)	358	+ 16
Anglo American Coal	620	+ 30
Bougainville	125	+ 5
Conzinc Riotinto	246	+ 6
De Beers Dfd.	385	+ 6
E. Rand Gold Urnm.	403	+ 11
Kloof	544	+ 11
MIM Hldgs.	204	+ 7
Venterspost	232	+ 6

FALLS

British Dredging	31	− 2
Coral Leisure	95	− 12
Customagic	17	− 3
Ladbroke	170	− 16
Mears Bros.	17	− 3
Norton and Wright	160	− 15
Sainsbury (J.)	200	− 5
Guthrie	350	− 15

Callaghan hints at 5% as unions press working week cut

BY CHRISTIAN TYLER AND PAULINE CLARK

Moves behind the scenes to bring unions and Government into tacit agreement on the imminent White Paper on pay policy were set back yesterday when TUC leaders decided to make a last-minute bid to wring concessions on the shorter working week.

The Prime Minister hinted at the conference of the National Union of Railwaymen in Llandudno that he is thinking of a 5 per cent wages target for phase four of the incomes policy which starts in just over a fortnight.

He confirmed that the latest year-on-year inflation rate, to be announced on Friday, is a little lower than the present 7.7 per cent. City estimates are that it could drop to just over 7 per cent before climbing again.

A draft of the White Paper is believed to have been prepared for the TUC general council to consider when it meets Mr. Callaghan and other members of the Cabinet on Tuesday. The TUC is ignoring the Government's pay target, which may be inserted after that meeting, but will protest vigorously that too hard a line has been taken against the job-creating possibilities of cutting the standard working week.

On pay, the Government is believed to have proposed privately that there could be a 5 per cent earnings target, with another 2 per cent for dealing with pay anomalies. But its advisers may urge that it would be a mistake to divide the "norm" in this way.

Mr. Callaghan, who now—most unusually—is taking charge of the incomes policy talks faces a hectic timetable when he returns from the Bonn summit.

The day after Tuesday's TUC meeting, he sees the Confederation of British Industry, which will protest equally firmly that there must be no giving way on the working week. The Cabinet will consider the White Paper a week today, and in the form of an assessment of the economic situation, it could be published either next Friday or early the following week.

Yesterday's upset to this timetable came when a policy paper on shorter hours prepared by

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the TUC economic department was attacked by members of the TUC economics committee for being too similar to the Government line and not firm enough in demanding a 35-hour week. It was sent back for key amendments toughening the unions' stance, although the general shape was accepted, by about seven of the 10 members present.

Mr. David Basnett, TUC chairman and general secretary of the General and Municipal Workers' Union, was prominent in the protest.

Mr. Callaghan chose the annual meeting of the railwaymen's union—one of the traditional stalwarts of the Labour Party—to incorporate an allusion to a 5 per cent pay limit ahead in what was otherwise unmistakably an electioneering speech.

It was the first time any sort of figure had been publicly mentioned. If the 77 union delegates in Llandudno were taken aback by the figure, their standing ovation did not show it.

Also hinting at Government hopes for an agreed pay target rather than an imposed one, Mr. Callaghan said the reaction of unionists in a free society could not be guaranteed. "But I believe that if we carry on with the present co-operation and understanding, this country has a good future."

Mr. Callaghan emphasised wage restraint as a key to maintaining and improving standards of living. When inflation was at 18 per cent he asked for a 10 per cent wage limit. With inflation now just under 8 per cent "I am going to ask for very much less."

He told the railwaymen that he did not want to destroy union executives' responsibility to get the best possible terms for members. But, he had a resonsibility to see that they got them in a healthy economy.

Much depends on what the unions do, he said. "If you get

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Agreement in principle near in trade talks

BY REGINALD DALE GENEVA, July 12.

THE WORLD'S leading industrial nations were tonight increasingly confident of reaching agreement in principle on a number of major reforms to the international trading system in time for this weekend's seven-nation economic summit in Bonn.

The main participants in the Tokyo Round of multilateral trade talks went into a series of crucial late-night negotiating sessions here encouraged by progress earlier in the day in negotiations between the U.S. and the EEC on farm trade, one of the round's most contentious issues.

The main cause of dissension remained Japan's continuing refusal to make major improvements to its offer of industrial tariff cuts in spite of strong pressure from the U.S. and the EEC.

Community officials were not, however, ruling out further Japanese concessions in the course of the night.

The hope is that by tomorrow morning the seven nations attending the Bonn summit — the U.S., the UK, West Germany, France, Italy, Canada and Japan —will have agreed on the main elements of a progress report.

U.S. commitments on energy policy is seen by the UK Government as central to securing West German and Japanese agreement to an economic package at the Bonn summit. Back Page; Giscard interview Page 2; Carter prepares Page 3; Japan plans emergency imports Page 4; Economic Viewpoint Page 27.

or "memorandum of understanding" on most, if not all, of the main issues at stake in the Toyko Round. The aim would then be to work out detailed arrangements by the end of the year.

The other industrialised countries and the developing nations would be invited to subscribe to the progress report —although not many are expected to do so before the summit.

Mr. Robert Strauss, the U.S. special trade representative, made it clear today that he was still dissatisfied with the Japanese tariff-cutting offer.

He predicted, however, that by the end of the week most of the Round's major political decisions would have been taken.

Officials here believe that the progress report will be able to record broad agreement on new codes for government procurement policies, standards and customs valuation.

Difficulties still persist over subsidies and countervailing duties, one of the most difficult issues under discussion here, but agreement at least on how to tackle the problem appears to be emerging.

The U.S. has also now accepted in principle the EEC's proposal that countries should in future be able to take selective safe-

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Barclays share deal approved

BY ERIC SHORT

THE BOARD of Barclays Bank was yesterday given an overwhelming vote of confidence for its proposed £92.6m takeover of the Investment Trust Corporation. At the extraordinary general meeting called to approve the proposal, there were 12.68m votes in favour and 2.68m against, a ratio of nearly five to one.

Under the proposed takeover, Barclays is issuing shares worth about £92.6m to secure the investment trust and then turn this issue into £85m in cash by selling the trust to the Post Office Staff Superannuation Fund.

Opponents of this move have contended that Barclays should have gone to the present shareholders for cash by means of a rights issue to ensure that present equity holdings were not proportionately diluted.

The opposition has come mainly from the large financial institutions. The National Association of Pension Funds in a recent report condemned Barclay's proposal as being wrong in principle and this stance was *reiterated at the meeting* by Mr. Michael Maurice, deputy general manager of the National Provident Institution, a leading mutual life assurance company.

But in general the institutions appear to have confined their disapproval to abstaining on the vote and not jeopardising Barclays position by voting against the motion. The pension funds' association recommended its members to take this course of action and Mr. Maurice said that National Provident—with 475,000 shares, would also be abstaining. The votes cast were only 30 per cent of those permissible.

Mr. Maurice said afterwards that his main purpose was to *record opposition to the principle*, thereby warning other boards that similar action would be strongly contested.

The bid has been accepted by 77 per cent of Investment Trust shareholders and having secured approval for its action, Barclays offer has now gone unconditional.

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FEATURES

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Lloyd's to probe Brazil affair

BY JOHN MOORE

LLOYD'S OF LONDON is to mount a top-level inquiry into the conduct of one of its publicly-quoted insurance brokers, Brentnall Beard.

The inquiry team yet to be announced, will examine Brentnall Beard's involvement in the events which have led to a major dispute between a Lloyd's syndicate headed by Mr. Frederick Sasse and the Brazilian reinsurance group Instituto de Resseguros do Brasil.

It is likely that the inquiry team will ask for explanations and information from Brentnall Beard, valued on the stock market at £2.6m on, among other things, the link which Brentnall Beard established between the Sasse syndicate and a Mr. Dennis Harrison of Florida.

Mr. Harrison was introduced to the Sasse syndicate through Brentnall Beard in spring, 1975. He was subsequently authorised to accept non-marine business in the U.S. on behalf of the syndicate. The business was channelled to Sasse through Brentnall Beard.

But it later transpired that Mr. Harrison and his company Den-Har Underwriters, in which Brentnall Beard held 20 per cent, failed to gain the required approval under the Lloyd's tribunal mechanism.

Even so Mr. Harrison produced 1,300 fire and damage-to-property risks for Sasse from some time before December 1975 to mid-1976, when Sasse cancelled Den-Har's underwriting authority. Sasse intended to reinsure the risks with the Brazilian reinsurance group.

But the Brazilians are refusing to pay the reinsurance claims on these risks, which now run at about $10m, on grounds which include misrepresentation and non-disclosure.

Legal action is in progress between Sasse and the Brazilians. The case should come before the court early next year.

Meanwhile the syndicate has been settling all the claims on the policies. This in turn created a solvency problem, and led to suspension of the syndicate at Lloyd's at the end of last year. Because of the solvency problem those names who have a standard underwriting share in the syndicate have been asked so far for a total of around £40,000 each.

At the instigation of Lloyd's, management of the syndicate has been taken over by Merrett Dixey, one of the most influential underwriting agents in the market.

Last night Lloyd's said: "Whenever there is a problem at Lloyd's the committee has a duty to investigate it not only with regard to the past but with a view to the future to see whether any loopholes need to be closed."

Report urges higher taxes for casinos

BY MICHAEL THOMPSON-NOEL

HIGHER rates of casino taxation and a £100m national lottery for "good causes," are among far-reaching proposals in the final report of the Royal Commission on Gambling, published yesterday.

The commission says the introduction of local authority and other public lotteries has produced a situation that is out of control and "scandalous."

Mushrooming lotteries had produced "wholesale disregard for the law, commercial exploitation to a totally unacceptable degree, gross lack of security and, we strongly suspect, a good deal of plain dishonesty."

The commission, headed by Lord Rothschild, former head of the Think Tank, proposes a general casino betting duty of up to 7.5 per cent on stakes, to be recovered through an eight-fold increase in casino gaming licence duty.

A special 3 per cent casino levy should apply to casinos with annual stakes of more than £10m.

The expected effect on projected 1977 casino pre-tax profits would be a drop for UK casinos from £50.8m to £14.9m. London casinos' profits would fall from £42.1m to £10.2m.

Gambling shares were immediately hit by the proposals.

Shares of Ladbroke Group, which derived 54 per cent of its 1977 pre-tax profit of £24.3m from casino gaming, fell 16p to 170p, removing £8.25m from its Stock Market value.

Coral Leisure Group, which owns Crockford's, fell 12p to 95p, cutting its value by £10m.

The commission calls for a sweeping reorganisation of horse-racing, rejects arguments for a Tote monopoly and recommends the formation of a British Horse-racing Authority to assume Horserace Betty Levy Board *functions and own all British* racecourses.

Football pool betting duty be cut from 40 per cent to 37 per cent, providing about £7m to support soccer under a statutory football board.

Profits of pools operators Littlewoods and Vernons would be limited to 2.5 per cent of stakes, and the limit on pools pay-outs would be set at £500,000.

Aspects of bingo are criticised. There should be new regulations for the tighter control of one-armed bandits and jackpot machines.

Total gambling stakes in 1976 were £7.1bn, of which £873m was actually lost. Last year, total stakes reached £8bn. The figures of £873m for 1976 losses compared with expenditure of £3.1bn on tobacco and £6bn on alcohol.

Ninety-four per cent of the adult population gambles 39 per cent regularly.

Reaction to the report was mixed. Ladbroke, whose extensive gambling interests include its Cashcade lotteries as well as its casinos, said it welcomed the proposal for a national lottery and expected to be the front runner for the franchise to operate it.

There was a proven need for local lotteries to operate side by side with a national lottery, but the company claimed that recommendations on increased casino taxation were "ill-considered and unrealistic."

"We estimate that £100m was earned in foreign currency in London casinos during 1977 and this disregards a much higher amount which would have been spent by overseas visitors in hotels, stores, etc. which could be transfered to other countries.

"Fortunately, the commission recognises that these recommendations will have to be

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carefully considered by the Government before implementation."

The Central Council of Physical Recreation said that the proposed national lottery was ill-defined and would probably do more harm than good.

It claimed the report was the product of "the grasping hand of the Treasury and the dead hand of the Home Office." The Sports Council took the opposite view.

The Gaming Board later released the latest, incomplete, data, on lotteries. On July 6, 327 local authority and 696 society lotteries were registered. In the year to April 30, the two groups of lotteries had netted around £9m each.

The commission believes that present casino duty levels do not relate to the scale of gaming and the level of gross income or net profits, and that present duties can be partially avoided by legal devices known to Customs and Excise and the Gaming Board.

"Making a reasonable assumption about the amount of working cash (not capital) a casino needs, the historic cost return on capital employed is reduced by the levy to 186 per cent., at constant capital employed, in London casinos with a net profit of £10.2m.

"In the provinces the return goes up from the 1976 rate of return of 29 per cent. to 47 per cent., the net profit in this case being £4.7m."

£ in New York

—	July 12	Previous
Spot	$1.8860-8890	[illegible]
1 month	0.56-0.50 dis	0.45-0.40 dis
3 months	1.37-1.31 dis	1.15-1.12 dis
12 months	5.10-4.90 dis	4.95-4.65 dis

Giscard seeks action on U.S. oil and Japan trade

BY ROBERT MAUTHNER

PARIS, July 12.

PRESIDENT Giscard d'Estaing said today that the two most important pre-conditions for recovery of the world economy were a substantial reduction of U.S. oil imports and the Japanese payments surplus.

In a long interview with the Paris paper, Le Monde, on next week's Bonn summit of the leading industrialised nations, the French President said that unless agreement was reached on these two essential points, any other economic action which might be envisaged would be in vain.

The reduction of the U.S. oil deficit was more important for economic growth in Europe than any expansionary measures which might be taken by the various governments.

M. Giscard d'Estaing was equally insistent in his demands for a substantial Japanese contribution to a recovery of the international economy. It was not normal, he said, that the second largest economy in the world should run a persistent and increasing trade surplus.

At the Bonn summitt, the European participants should demand a quantified undertaking from Japan on the reduction of its trade surplus. It would be up to the Japanese Government to decide what steps should be taken to achieve this reduction. Japan should also be asked to increase substantially its official aid to developing countries.

M. Giscard d'Estaing proposed that the Bonn summit should be followed by other meetings—he did not specify at what level—to monitor any areements which might be reached, in particular the steps taken by the U.S. to reduce its oil deficit and by Japan to cut its payments surplus.

Asked whether France's European partners had agreed with such a procedure at the recent European summit in Bremen, the French President said the matter had not come up in any formal way on that occasion. But in private conversations with his European colleagues he had gained the impression that they shared the French views on the measures to be taken by the U.S. and Japan.

FRENCH RESERVES rose by FFr 4.86bn (£581m) in June to FFr 116.12bn (£13.9bn), largely on account of the half-yearly gold stock revaluation, the Economics Ministry said, Reuter reports from Paris. French gold holdings were revalued at FFr 26,449 per kilogramme, against FFr 24,938 in the previous half-year. This took gold stocks up to FFr 83.64bn from the May level of FFr 78.86bn.

A striking feature of his remarks was that, although he said that the aim should be to increase the annual growth rate of the industrialised world by 1 to 1.5 per cent, he asserted that a series of expansionary measures by individual countries were not the real answer to the world's economic problems.

What was much more important was that the basic conditions should be created which would allow growth in the future.

Turning to the Bremen agreement on the creation of a European currency zone, President Giscard admitted that the scheme had not been enthusiastically received by the UK. It was difficult to forecast Britain's final decision, particularly in view of the forthcoming general election.

He expressed the hope that the UK would join the scheme; but if it did not, the other countries would have to envisage going ahead with the plan, while making the necessary institutional arrangements to allow others to join them later.

Asked what contribution Britain's membership had made to the European Community, President Giscard said it was clear that faster progress would have been made if it had been restricted to the original Six members. In that case, however, the Common Market would not have represented Europe.

Italian parties likely to discuss new economic plan this month

BY DOMINICK J. COYLE

ROME, July 12.

A NEW three-year economic development plan for Italy, largely the product of the Treasury Minister, Sig. Filippo Maria Pandolfi, is expected to be discussed with the main political parties supporting the minority Christian Democrat Government later this month, and to be unveiled in some detail in September.

The September deadline has now been disclosed by Sig. Giulio Andreotti, the Prime Minister, in part at least to counteract the dissatisfaction recorded by the country's three big trade union confederations after a meeting with Sig. Andreotti and his senior economics ministers earlier this week.

The unions insist that the Government's proposals — on industrial and agricultural investment, special short-term job creating projects, controls over the escalating enlarged public sector deficit for 1979 and new measures against tax evasion are "much too vague."

They are speculating about a series of strikes over the next few months in order to underline their concern. However, a general stoppage has been ruled out for the moment, largely because it would almost certainly bring down the present fragile Government.

The timing of any Government proposals on new investment, especially in the depressed southern region, is important, since some trade union leaders have indicated that they might be prepared to trade off such job-creating investments against large direct wage increases in a series of national labour contracts due to expire later this year and early in 1979.

But trade union demands are not the only consideration. Italy has already opened informal negotiations with the International Monetary Fund for a new stand-by facility of $1bn. A technical mission from the European Economic Community is also in Rome this week reviewing progress under an earlier 1974 funding agreement with Italy, a second EEC loan due to expire in 1981, but also exploring the prospects for a new Community facility, possibly of the order of $1.5bn.

Both the IMF and the EEC are putting emphasis on the need for Italy to contain its public sector deficit next year, and measures to try and achieve this are expected to be unveiled in the so-called Pandolfi three-year programme.

Equally, the IMF in particular is seeking an upper limit to any increase in real wages next year. The reported limit being 3 per cent, against an average 7 per cent in real terms over the past two years.

What is emerging gradually from these talks with the IMF and the EEC is that no substantial agreement with Italy appears likely before September at the earliest, and in any event the country has no immediate need of fresh international borrowing, given the present strong position of the convertible reserves.

New increase expected in gold supply

By John Wicks

ZURICH, July 12.

A FURTHER increase in gold supply is likely this year, according to a survey published by Crédit Suisse in Zurich. Mined production in the western world is seen as rising by some 4 per cent over the year to 1,000 tonnes. This includes an increase in South African output by 3 per cent to some 720 tonnes.

Sales by Communist countries are expected to go up by about 3 per cent to 410 tons, a result of rising Soviet mined production and continuing foreign exchange requirements.

Estimated net sales by the IMF and national monetary authorities could be of a further 270 tonnes. Crédit Suisse indicates that some of this gold could come from Portugal, which divested itself of some 20 tonnes of gold stocks in the first two months of this year, and from official Indian auctions.

Schmidt's visit to Berlin angers East Germany

BY LESLIE COLITT

BERLIN, July 12.

EAST GERMANY has protested to West Germany against Chancellor Schmidt's plan to accompany President Carter when he visits West Berlin on Saturday.

This is the first time that East Germany has protested in advance of a visit to West Berlin by the West German leader together with a foreign statesman. During the Queen's visit to West Berlin in May the East Germans protested against Herr Schmidt's appearance with the Queen.

In Bonn, a spokesman said West Germany had vigorously rejected the protest which was lodged by the deputy chief of the East German permanent representation in Bonn. The East Germans say the presence of Herr Schmidt as well as Herr Hans-Dietrich Genscher, West Germany's Foreign Minister, will be in direct contradiction to the four-power agreement on Berlin.

The West German spokesman replied that East Germany has no say in who accompanies President Carter to West Berlin as East Germany is not a signatory to the 1971 four-power Berlin accord.

East Germany's latest move against the West German presence in West Berlin comes after criticism by Mr. Piotr Abrassimov, Soviet Ambassador in East Germany, who attacked West German leaders for visiting West Berlin to demonstrate that the city was allegedly part of the Federal Republic of Germany. This Mr. Abrassimov said in an interview contradicts the four-power agreement.

Officials of the western allies believe the East German move against Chancellor Schmidt has been taken in concert with the Soviet Union and may reflect the worsening relations between Moscow and Washington.

New move to form Icelandic Government

By William Dullforce

STOCKHOLM, July 12.

MR. KRISTIAN ELDJARN, the President of Iceland, has asked the Social-Democrat leader Mr. Benedikt Groendal to try to form a new Government, with the Independence (Conservative-Liberal) Party and the Marxist People's Alliance. Such a coalition would keep Iceland in NATO and almost certainly allow the U.S. to maintain the Keflavik air base.

The President's request to Mr. Groendal comes 16 days after the General Election, in which the ruling coalition of the Independence and Progressive parties had its majority in the 60-member Althing (Parliament) reduced from 42 to 32. The Social Democrats returned with 14 seats, a gain of nine.

The talks between the Social Democrats and People's Alliance on the formation of a minority government broke down last week. The Social Democrats prefer to make up a majority coalition by including the Independents rather than the Progressives, who would have been favoured by the People's Alliance.

If Mr. Groendal is to succeed in forming a three-party cabinet, the People's Alliance will have to abandon its demand for Iceland's withdrawal from NATO and be prepared to compromise over continued U.S. use of the Keflavik air base. Both the Independents and the Social Democrats are pro-NATO.

Iceland's foreign policy is being overshadowed, however, by its economic crisis with inflation running at an annual rate of between 40 and 45 per cent and disaster facing the vital fishing industry.

A Government with a broad majority will be in a stronger position to take the unpopular measures needed to deal with the situation. The Social Democrats, Independents and People's Alliance together control 48 of the 60 seats in the new Althing.

Inflation rate halved in Sweden

By William Dullforce

STOCKHOLM, July 12.

SWEDEN HAS succeeded in halving the rate of inflation during the first half of 1978. With industry's order books continuing to grow as export demand picks up, Mr. Goesta Bohman, the Economy Minister, believes domestic consumption can be cautiously re-stimulated in the autumn.

During the first six months prices in general rose by 4.4 per cent compared with 8.3 per cent during the first half of 1977, according to the latest report from the Price and Cartel Board. The rate of increase in retail prices dropped from 13.2 to 3.5 per cent with food prices, which rose by only 3.6 per cent in the first half, following a similar trend.

The slowing down in the inflation rate is particularly important for wage development. Under the current national agreement the unions can claim further wage increases if prices rise by 7.25 per cent between February and the end of the year. It now seems unlikely that this limit will be reached.

This year's moderate pay rises have contributed to a slump in private consumption which, it now appears, may exceed the 1 per cent decline forecast in the state budget.

Mr. Bohman commented that some stimulus to the home market could be considered after the summer holidays but he underlined that resources still had to be concentrated on improving the export industry's performance.

The Swedish economy was on its way up again but time was needed to solve the long-term payments balance and industrial problems, the minister said.

SPANISH HOLIDAY CAMP DISASTER

Warnings given by local residents

BY JIMMY BURNS IN MADRID AND DAVID GARDNER IN SAN CARLOS DE LA RAPITA

AS THE death toll mounted following Tuesday's devastating gas explosion in southern Spain, local inhabitants complained that they have been warning the authorities for over two years about the hazards posed by lorries carying inflammable fuel through the area.

At least 170 people were killed in the explosion and over 120 were seriously injured. A significant number of these were last night not expected to survive.

In a communique issued in San Carlos de la Rapita, hours after the blast, local representatives stated: "We had warned against the possibility that a terrible accident would one day occur as a result of the free transit through this area given to such lorries."

The lorry belonging to the private transport company Cisternas Reunidas was being driven down a secondary road between Barcelona and the large petrochemical refinery at Puertollano, south of Madrid.

A spokesman for Campsa, the state controlled petro-chemical company said yesterday that representatives of a number of transport companies including Cisternas met less than three weeks ago to discuss the problem of transporting dangerous gas. It was concluded at the meeting that in future efforts should be made to re-direct lorries, so that they would take motorways rather than minor roads.

Spain is believed to be one of the few countries in Europe that still transports most of her natural and liquid gas by road, rather than by rail or underground.

There are believed to be three main reasons, however, making it difficult for the transport companies to re-direct lorries in Spain. In the present climate of economic recession, transport companies are reluctant to pay what they believe to be excessive toll charges on the motorways. Secondly, they believe that even if they were prepared to pay such charges transport on motorways would not necessarily be more efficient, given the underdeveloped state of Spain's road system, compared to say Italy and England for example. Moreover the motorways that do exist in Spain do not necessarily circumvent towns and cities, therefore avoiding the local populations.

Despite these difficulties the government itself has already recognised that there is a pressing need to reorganise Spain's transport system, particularly of natural and liquid gas. A section was devoted to this very point in the 10 year energy plan approved in May. The section concludes that there is an urgent need for investment to substitute "obsolete" methods of transport, including cistern lorries.

Blame for the current disaster, however, is still being sought nearer to San Carlos. Although accepting full responsibility fo[r] the accident, Cisternas ha[s] stressed that the lorry in que[stion] had passed internationa[l] safety regulations as laid dow[n] in the Accord Européen Relati[f] Au Transport Internationa[l] de Marchandises Dangereuse[s] (ADR) signed in Geneva o[n] November 30, 1957.

Another fact that has emerge[d] yesterday is that the camp[ing] site affected by the acciden[t] was only allowed to house unde[r] 300 people. Yet when the acci[dent] took place there were ove[r] 800 people staying in it. Th[e] Spanish National Tourist Offic[e] in London, however, denied tha[t] the site was overcrowded.

Parliamentary deputies an[d] senior Government officials hav[e] visited the site since the new[s] of the accident became known.

Towns people of San Carlo[s] de la Rapita said this was th[e] third in a series of incident[s] in the area since 1975, but th[e] first to have such horrific con[se]quences.

Moving chemicals—a maze of rules

BY KEVIN DONE, CHEMICALS CORRESPONDENT

THE MOVEMENT of dangerous substances such as chemicals, petroleum and liquefied gases around the world is covered by a chaos of codes and regulations that have grown up piecemeal over a number of years.

Spain, in common with nearly all the countries of Western Europe, has ratified the most important code governing the transport of dangerous goods by road, commonly known as the "ADR" (Accord Europeen relatif au transport international des marchandises dangereuses par Route).

This agreement was first signed in 1957. The aim was to allow dangerous goods to be transported freely across European frontiers provided that packaging, labelling and transport equipment complied with standards set out in the code.

The technical conditions established in the agreement follow closely the provisions which for a long time have governed the international transport of dangerous goods by rail.

Many countries around the world are working out extra sets of domestic regulations to try to improve the existing legislation, which is often at best haphazard in the way it includes some substances but omits others. Spain is subject to the ADR but has little separate domestic legislation. But the tanker which caused the tragedy at the Los Alfraques camping ground had recently been inspected by the Spanish authorities and apparently came up to the standards set by the ADR regulations.

The chemical industry has for a long time made safety a major concern and in most cases carefully-designed loading, unloading and transportation procedures have been worked out, often with the use of specially engineered equipment. But the amount of dangerous substances moved around the world, by road, sea and air, has been growing steadily in recent years and a number of recent events have raised grave questions about the adequacy of transportation safety.

Apart from the latest devastating accident in Spain involving road transport two other disasters in the U.S. in February involving rail tankers claimed the lives of 21 people. These accidents were caused by rail tankers carrying liquid petroleum gas in the accident at Waverly, Tennessee, and by a chlorine tanker at Youngstown, Florida.

A maze of regulations is presently being worked out by national governments, the European Commission and other international authorities governing standards for containers and vehicles and especially their labelling and marking. But the chemical industry is aware that any apparent deterioration of safety standards and the rising public concern about the movement of hazardous cargoes could have enormous implications. At the very least, restrictions can only grow and there could be calls for certain substances to be banned from commercial transport altogether.

Human error is still a threat in the transport of dangerous goods but safety equipment is becoming more sophisticated and regulations stricter.

In the U.S. there has already been a series of Congressional and federal agency hearings and the U.S. Senate Committee on Science, Commerce and Transportation has called for a report on the Department of Transportation's management of hazardous materials.

In the UK, Mr. William Rodgers, the Transport Secretary has ordered an immediate inquiry to try to ensure that an accident on the scale of the tragedy in Spain could not be repeated in Britain. He has called for a full report from the Health and Safety Executive on the relevance of the accident to the UK. "It is too soon to draw any conclusion, but it is essential to ensure that such an accident could not happen here," he said. Imperial Chemical Industries, which last year transported 4m tonnes of bulk chemicals, said yesterday that a tragedy on the scale of the Spanish disaster would be unlikely in the UK.

"British chemical tankers are extremely sophisticated with separate compartments, valves and other safety mechanisms. Drivers are highly trained and tankers carry marking to notify emergency services of the type of chemicals being carried," a spokesman said.

According to the Chemical Industries Association there has only been one fatality from a road tanker accident concerning chemicals in the UK this century, when a woman suffered from fatal burns from a leaking sulphuric acid tanker. There are about 4,000 chemical tankers on the roads of Britain, but only about 500 of these carry liquids under pressure. A greater hazard is probably represented by the 12,000 petrol tankers in the UK, which are more easily accepted by the public as a necessary hazard of modern life.

About 1m tonnes of propylene, the chemical carried by the Spanish road tanker, are produced annually in the UK, but only about 5 to 10 per cent is moved by road, the rest going by pipeline or rail.

The chemical industry in the UK has participated closely wit[h] the Government and agencie[s] such as the Health and Safet[y] Executive in recent years t[o] improve transport procedure[s]. The agreed tanker markin[g] system gives emergency service[s] arriving at the scene of an acci[dent] immediate information o[n] the type of chemical bein[g] carried and the best way o[f] dealing with leaks or fires. A system of Tremcards, eac[h] relating to one substance, give[s] more detailed information t[o] emergency services.

But the potential for disaste[r] is still present despite all th[e] precautions and regulations, an[d] most especially the huma[n] element in all these systems ca[n] prove to be the fatal weak link. The Health and Safety Execu[tive] is expected to issue a draf[t] consultation document later thi[s] year or early next year that wil[l] eventually lead to legislatio[n] and to make mandatory all th[e] voluntary codes on transpor[t] procedures and the standard o[f] equipment labelling an[d] training.

But the danger remains particularly from pressurised containers. When the liquid petroleum gases butane and propane are processed and transported they are subjected to immense pressure. This turns the gas into a liquid, which occupies a little less than 4/1000 of its original volume as a gas. To achieve this it is subject to a pressure equal to about 30 times that of earth's atmosphere.

About 270 gallons of gas is reduced to about one gallon of liquid so the concentrated force of the energy is obvious. If this gas escapes and ignites it can cause a lethally dangerous phenomenon known as a Boiling Liquid Expanding Vapour Explosion. This is in effect an enormous expanding fireball of exploding gas. Such explosions occur rarely, but when they do, they can destroy whole process plants or devastate large parts of a town or urban area.

Attempt to ease Basque tension

BY JIMMY BURNS

MADRID, July 12.

SPAIN'S Interior Minister, Sr. Rodolfo Martin Villa, today met police officials and local Basque representatives in Bilbao and San Sebastian in an attempt to defuse what has become one of the worst outbreaks of political violence in the Basque country since before the death of Franco.

The Government is believed to be considering a request by the Basque general council that riot police should keep a low profile when further demonstrations take place tomorrow.

The demonstrations have been called in protest at the death of a 19-year-old student, killed when he and other demonstrators marched on a police barracks in San Sebastian yesterday.

San Sebastian was today virtually cut off to the outside world for the second consecutive day, with all main roads leading into it blocked by barricades. Clashes between youths and riot police firing rubber bullets and tear gas continued throughout the day.

Earlier this morning six bombs exploded cutting off the main railway line between San Sebastian and the French border. The explosions appear to have been the latest work of ETA, the Basque terrorist organisation.

In Pamplona the atmosphere was still reported to be tense today after the official cancellation of the traditional festival of San Fermin. Rioting erupted at the weekend after riot police stormed the town's main bullring and opened fire with live ammunition.

The Maoist-oriented CSUT union, today defied a Government ban and instructed its members to occupy a number of private estates in Andalusia, southern Spain.

Although the occupations were essentially "symbolic" and were expected to last for less than 24 hours, they are a sign of the growing political militancy of agricultural labour in an area that has the worst unemployment in the country.

It is the second time this year that occupations have been organised by the CSUT, which claims a membership of 30,000 workers in the agrarian sector, with particular strength in areas around Cadiz and Malaga. These are both parts of Andalusia with unemployment between 14 and 16 per cent, nearly double the national average.

Turks woo the non-aligned

NEW DELHI, July 12.

MR. GUNDUZ OKCUN, Turkey's Foreign Minister, said today that his country wanted to develop its relations with non-aligned nations and would be seeking guest status within the non-aligned movement.

Mr. Ockun, who is on a four-day visit to India, linked his country's move to associate with the non-aligned grouping with efforts to strengthen detente in the Middle East and Asia.

He told a news conference that he did not believe Turkey's membership of the North Atlantic Treaty Organisation and the Central Treaty Organisation was inconsistent with a desire for closer contact with the non-aligned movement. Romania and Portugal already had guest status, he said.

Reuter

The growing importance of foreign manufacturing operations is causing controversy, reports **GUY HAWTIN in Frankfurt.**

Dilemma for Germany: will investment abroad cost jobs and exports?

WHILE MANY politicians, economists and bankers argue that there is no alternative to floating exchange rates, few will deny that they have failed in their original poltical purpose—that was to reduce heavily the massive trade surpluses of countries such as West Germany and Japan and to bring the deficit countries much nearer to balance.

Indeed, there seems to be a strong case for arguing that, in times of floating exchange rates, revaluations, either upwards or downwards, have the reverse effect of that intended. West Germany's ability to export, for instance, appeared to be not one whit impaired by the hefty increase in the Deutschmark's value against the currencies of its leading competitor nations.

Although the Federal Republic's political, economic and industrial leaders showed great anxiety about the effect the upward movement of the D-Mark would have on exports, overseas sales and profits for the majority of the country's export-orientated companies showed well within the constraints of world economic conditions.

However, in the past 12 months industrialists heavily involved in the export markets have been increasingly complaining that profit margins on overseas sales are being heavily squeezed and the blame has been firmly laid on the upwards course of the Deutschmark which has suffered a revaluation against the dollar of about 45 per cent since 1972.

One thing is certain, and that is that West German foreign investment overseas has in the past couple of years shown a very rapid growth rate. It has reached such proportions that many people, including the august circles of the Bundesbank, are seriously wondering if Germany is in the process of exporting its export base.

Capital investment overseas last year showed a net growth of DM 5bn, which brings West German direct investment overseas to an official DM 52bn (about $25.3bn at current exchange rates). In contrast, inflows of foreign capital from other countries in 1977 totalled DM 3.7bn which brought the total foreign investment in West Germany to DM 49bn, according to official records.

While this shows, on the surface at least, that the Federal Republic's investment overseas substantially outstrips foreign investment in West Germany, things are not quite as they seem. Official records of German overseas investment were first started in 1952, while the records of foreign investment in the federal republic was not inaugurated until 1961.

Observers here point out that the rate of foreign investment prior to 1961 was very high. The value of the Dollar and the Pound were riding high, while that of the Deutschemark was comparatively low. Therefore, there is a strong case for arguing that figures for foreign investment here are greatly understated.

This does not alter the fact that for the past three years German companies have consistently invested more capital in foreign participations and affiliates abroad than foreign companies have in West Germany. Figures for the years from 1975 to 1977 put the outflow of German cash overseas at DM15.4bn and the inflow of foreign investment at DM9.3bn.

The trend is thought likely to continue in the immediate future despite the fact the balance of payments figures show that during the first quarter of 1978 new foreign investments in the Federal Republic reached their highest level in more than three years. At DM1.1bn, they were not far short of the DM1.2bn invested by German industry overseas.

German industrialists, say many experts, are finding overseas production increasingly attractive as a means of maintaining their companies' competitiveness in the face of the steady increase in the Deutschemark's value and heavy domestic labour costs. Indeed, a recent survey of hourly labour costs published by the federal statistical office here showed that German costs were virtually the highest in the world, and were significantly more expensive than in the U.S.

As evidence for their argument they cite greatly increased overseas investment programmes of the leading chemicals companies and such events as Volkswagen's decision to produce a version of its Golf model in the U.S. Indeed, even BASF, which hitherto had always emphasised its intention to maintain West Germany as the focal point of its investment programmes this year announced that like its chemicals industry rivals, Bayer and Hoechst, it was going to channel the lion's share of its investment overseas.

There are, however, a number of West German analysts who argue that although overseas investment always contains the inherent danger that the export base will be exported there are as yet few signs that this is likely to be the case. So far, they claim, a large proportion of current overseas projects would actually enhance exports.

Strangely enough, they also cite the cases of the chemicals companies and Volkswagen as evidence for the legitimacy of their arguments. North America, Canada and the United States, has been a major focal point of German corporate overseas investment, they say, and chemicals concerns and Volkswagen clearly illustrate this.

While the chemicals concerns have constructed or are in the process of constructing plants in North America to manufacture products which could conceivably be produced in West Germany, the plants are unlikely to have any major effect on German exports as the German penetration of the U.S. market is relatively small. In the case of Volkswagen, say the proponents of this argument, the U.S. manufacturing operation has actually boosted exports, in that V.W. had lost a vast proportion of its original share of the U.S. market and the U.S. production of its models will not only help it re-establish itself but, as a large number of the components are made in the Federal Republic, real exports will increase.

A leading Frankfurt banker said: "There is always an inherent danger that capital investment overseas will replace exports. But one has to ask the question whether those exports would not have been lost in any event. My feeling is that the exports would have been lost any way and that at least the companies are, through foreign investment able to replace lost exports with repatriated profits. That surely is positive.

"But I am not at all sure that the current wave of investment overseas is replacing exports. Much of it is channelled towards areas, such as the United States, where we have a relatively small share of the market — places where our exports are surprisingly low. The chemical companies' recent acquisitions should enable German products to enter rather tightly controlled markets, for instance."

He went on: "If Germany was investing heavily in manufacturing facilities within the Common Market, however, it would be an entirely different kettle of fish. Then we really would be shipping our export base overseas. That does not, as yet, seem to be the case."

The official statistics tend to bear this argument out. In 1963 West Germany's investment in the European Economic Community accounted for 21.9 per cent of its total overseas capital investment by 1970 this percentage has risen to 34.4 per cent, however despite enlargement of the Community the proportion of investment in the EEC has remained relatively constant. In 1977 it accounted for 34.2 per cent of the total.

Investment in the United States, however, has continued apace and has risen from 6.3 per cent of the total in 1963 to 1977's 12.9 per cent. At the same time the proportion of capital investment placed in France has declined from 10.1 in 1970 to 9.8 per cent, that in Belgium and Luxembourg from 11.6 per cent to 9.9 per cent, while Switzerland's share has dropped from 1963's 13.2 per cent to 9.1 per cent. At the same time, Spain's share of the total, primarily as a result of government import restrictions it seems, has risen from 3.9 per cent to 7.3 per cent.

Another banker pointed out that West German sales abroad had been hit more by low levels of world demand than by a lack of competitiveness. This, he said, had hit profits far more than the rise in the value of the D-Mark, which he admitted was not helpful to earnings at a time when prices were under pressure.

But he added: "Lack of labour rather than the price of it remains one of Germany's biggest problems. Companies such as BMW are reporting major recruitment problems despite the relatively high rate of unemployment. This is undoubtedly a factor affecting overseas investment.

"Certainly, Germany as a highly industrialised country is finding it difficult to compete in certain traditional sectors such as textile and steel. But investments abroad will have to get much bigger before one can talk about the country exporting its export base. You have to remember that for the size of our economy we are comparatively under-invested overseas. There is still plenty of slack to be taken up."

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AMERICAN NEWS

Capital gains tax accord nearer in key committee

BY DAVID BUCHAN

WASHINGTON, July 12

THE HOUSE Ways and Means Committee chairman and the Administration appear to be moving towards a compromise on capital gains taxes as the only means of getting Congressional action on President Carter's tax reform package.

Mr. Al Ullman, the chairman of the Committee, said yesterday that it would take up the so-called Jones proposal which would cut the maximum capital gains tax rate from 49 per cent to 35, despite the President's earlier threat to veto any tax package, including even his own $25bn plan, which would lower capital gains rates.

At the same time, the Treasury Secretary, Mr. Michael Blumenthal, hinted yesterday that the Administration would not reject the Jones plan out of hand. The Carter Administration would take a close look at what Congress produces to see if it could offer support, he said.

Mr. Carter now seems to concede the futility of trying to prevent Congress from lowering the capital gains tax rate. Mr. Ullman said yesterday that he expected his committee, or at least the Democratic majority on it, to rally around the proposals put forward by Representative James Jones. Apart from the 35 per cent capital gains tax ceiling, these call in total for a $15bn tax cut for middle-income families and small businesses.

The size of this package represents a further scaling-down of Mr. Carter's original hope to provide the stimulus of a $25bn tax cut to the U.S. economy. The Administration has done some of the revision itself, as it became clearer this year that federal tax cuts of this order might provoke inflation which, with unemployment continuing to fall, has emerged as its main worry.

So the Administration itself has reduced its tax cut request to $20bn—to take effect in January, 1979—instead of three months earlier as originally proposed. As the size of possible tax cut packages shrinks, it is becoming increasingly doubtful as to whether any of them would be enough to offset the massive rises in social security taxes, passed by Congress last year and due to take effect next year.

Mr. Ullman announced his decision to proceed on the Jones proposals yesterday, after Mr. Blumenthal had told him that the Administration had no compromise of its own to offer the committee. From the point of view of the Administration, which has been fighting Congressional attempts to tamper with the capital gains provisions of the Tax Reform Acts of 1969 and 1976, it is still better than a rival Republican scheme from Representative William Steiger.

This would bring the maximum rate on capital gains, such as the sale of shares and other assets, down to 25 per cent. At present, the tax is usually levied on half of any capital gains, so that the current effective rate is seldom more than 25 per cent. Nevertheless, Mr. Blumenthal has said that most of the benefits from the Steiger plan would go to the 3,000 Americans who make more than $1m a year.

China official on Caribbean tour

PORT OF SPAIN, July 12.

MR. KENG PIAO, a Chinese Vice-Premier, arrives in Trinidad today at the start of a Caribbean tour apparently aimed at countering growing Soviet and Cuban influence in the area.

Mr. Keng, who leads a 23-member delegation, is believed to be the highest ranking Chinese Government official to visit the Caribbean. He is the Politburo member in charge of foreign relations. Apart from Trinidad, where he will be returning Peking visits by the Prime Minister, Dr. Eric Williams, in 1974 and 1975, Mr. Keng and his team are scheduled to visit Jamaica and Guyana, two countries where Soviet and Cuban influence have been greatest in recent years.

Cuba's role in the non-aligned movement twice came under attack from China this week, first from the Peking Review and yesterday from the New China News Agency, which criticised its involvement in Africa. China has been developing friendly ties in the region over the past few years and last year opened a new embassy in Barbados.

The First Secretary at the Barbados Embassy, Mr. Yang ta-Chun, said in a recent interview that this year China hoped "to establish and develop relations with more and more Latin American and Caribbean countries.

In the last five years the Soviet Union's deepening interest in the Caribbean has been shown by a number of bilateral agreements with Jamaica and Guyana in areas such as fishing and trade and exchanges of senior delegations.

Mr. Yang, who accused the Soviet Union of sabotage under the guise of friendly relations, said that China was not worried about what the U.S. or the USSR might think of its attempts to increase its influence in the region. "It's just a struggle, not a threat. What the two superpowers think of it is their business," he said.

China admits that it cannot compete on the aid front. China is a developing socialist country and our capacity for aid is quite limited," Mr. Yang said. A small aid package has nevertheless been offered to Barbados.

Mr. Keng will be met by Dr. Cuthbert Joseph, the Education and Culture Minister, when he arrives here today to what is expected to be a boisterous welcome from the large local Chinese community.

Reuter

Bolivia poll fraud charge

LA PAZ, July 12.

GENERAL Juan Pereda Asbun was today close to victory in a Bolivian presidential election clouded by widespread charges of electoral fraud.

With just over half the votes counted from the poll on Sunday, the National Electoral Court said that Gen. Pereda — a conservative who was backed by the military government — had 48.9 per cent of them.

Unless a candidate received 50 per cent of the total vote, the president will be chosen by the Congress which was also elected on Sunday in the first national election in Bolivia for years.

The main opposition candidate, former president Hernan Siles Zuazo, accused government officials of perpetrating a gigantic fraud.

The allegations of fraud were supported by a team of nine international observers, representing human rights groups. "The election was as crooked as a piece of barbed wire," said Lord Avebury from Britain, representing the Catholic Institute for International Relations.

He said that, in the Trinidad area of Ebeni province, where he watched the voting, nearly all the villages had more registered voters than inhabitants, often an exact multiple of 300.

Lord Avebury, and Mr. Robert Goldman, from the Washington Office on Latin America, said the conduct of the elections could affect future British and U.S. aid to Bolivia.

Reuter

Senate votes more money for weapons spending

By Our Own Correspondent

WASHINGTON, July 12.

THE SENATE yesterday joined the House of Representatives in giving President Carter more money to procure and develop weapons next year than he had asked for.

Last night, it gave final approval to a $36bn procurement and development package—about one-third of the 1979 total defence budget. This was $585m more than the Administration had requested, although it was still $1.8bn less than the sum which the lower chamber approved in May.

The Senate action seems to show that the defence budget is still largely immune from the political rhetoric about cutting taxes, which has increased in volume in the last month or so.

It also appears to reflect a combination of Senatorial concern about the Soviet Union during the controversial trials of dissidents, and of the traditional desire to provide Congressional constituencies with valuable weapons contracts.

The Senate approved nearly $1.9bn for a fifth nuclear aircraft carrier, which would bring the total carrier force up to 13.

Interpretation of this action changed somewhat when, late last night at the end of the debate, Senators endorsed an amendment by Senator John Culver to the effect that the U.S. should, in future, concentrate on smaller ships equipped "with more survivable, more numerous and less costly weapons." and that *further proposals to Congress* for big carriers should be accompanied by "an alternative programme for smaller ships."

U.S. COMPANY NEWS

International Paper earnings higher; Good first half for NCR; Further setback for Xerox in anti-trust case—Page 32.

PRESIDENT CARTER PREPARES FOR THE BONN SUMMIT

A defensive and persuasive attitude

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

FOR JIMMY CARTER, the Bonn economic summit is not taking place at the most felicitous moment. While it may be going *too far* to say that he will be without clothes in his discussions with the six other heads of state, his finery will hardly be in the pink of condition.

As a result, an element of defensiveness—and even resentment—has begun to creep into official assessments of the likely course of the Bonn session. This has been accompanied by *Sotto Voce* cautions not to expect too much out of Bonn because, so the current argument runs, summits are really *fora* for consultation and exchanges of views, not for making cast-iron decisions or policies.

The President's apparent weakness is only too evident on several of the major items on the summit agenda. He is still without an energy Bill after 15 *months* of trying, and now finds Congress threatening to strip him of executive powers to control imports. Although, on the growth side, the U.S. economy has done well over the last year, inflation is *rising*, in contrast to every other summit participant except Canada. The worst dollar traumas of late last year may have subsided, but the U.S. currency is still hardly robust, with the result that the European Community at Bremen sought to insulate itself to a degree from the effects of continuing monetary instability. The U.S. trade deficit is running well above the record 1977 levels. The multinational trade talks have run into an agricultural stumbling block of considerable dimensions which even Mr. Robert Strauss, the U.S. negotiator, has so far failed to surmount. And a mean-spirited Congress seems intent on decimating the foreign aid programme and, if it gets half a chance, legislating for further protectionism.

It is this catalogue which seems to have persuaded those outside the country that President Carter's lack of economic leadership is fair game. The German criticisms have been persistent, if a little more muted of late. But official Washington was genuinely surprised and offended when Mr. Kiichi Miyazawa, head of the Japanese *economic* planning agency, last weekend waded into Mr. Carter and the conduct of the U.S. economic policy without, in the U.S. view, acknowledging Japanese responsibilities for international stability, a point which Washington has consistently been impressing on Tokyo for much of the last year.

It is against this background of lowered expectations and considerable cynicism that the president is going to Bonn. And yet, the administration does believe it has some serious points to make which will not fall on deaf foreign ears, and which may make the summit exercise more worthwhile than it appears at present. What the U.S. wants *from the summit* are:

A commitment on growth: U.S. officials do not hesitate to point out that West Germany, Japan and Switzerland between them are likely to run current accounts surpluses of about $20bn this year, and this is as much a cause of international instability as the U.S. deficit. Germany and Japan abysmally failed to meet the growth targets they set themselves in London last year (which the U.S. did not). But the U.S. does not want to repeat its mistake made last year of raising expectations too high by making public specific growth targets. It wants a commitment from the two nations. The signs are that, as part of an inevitable trade-off, it can get it. The President will also plead for more time for his voluntary anti-inflationary policies, buttressed by the Fed's tight money approach, to be allowed to work. He will not hesitate, it is said, to remind his audience of the consequences of forcing on the world another U.S. recession.

The U.S. deficit: Mr. Carter will patiently explain, for the umpteenth time, that the Congressional process is lengthy but that—as Senator Robert Byrd, the Democratic majority leader, forecast in Europe over the last ten days—he will have four-fifths of an energy Bill by the autumn and will fight to protect his authority to take additional steps if the crude oil equalisation tax fails to materialise. He will also point out that, over the last year, the growth in U.S. oil imports has been much less rapid than the advance in gross national product, demonstrating that de facto conservation may be having an effect. He will point to evidence which suggests that U.S. exports are beginning to take off. He will maintain that a convergence of international growth rates can only help the U.S. deficit.

On monetary stalibity: There is some scepticism inside the U.S. Treasury that the new European monetary regime, as outlined at Bremen last week, will lead to a further lack of confidence in the dollar, though the last three trading days have produced no hard evidence to support this. There is also some doubt that the Bremen package, when finally hammered out, can be particularly effective, given British and Italian reluctance to take part and different rates of inflation among the potential participants in the scheme. But, these aside, the U.S. does not appear to have formed a hard and fast opinion on the merits of the scheme beyond the underlying factor that, at least in principle, the U.S. believes in greater European monetary union.

Trade and protectionism: The U.S. will make once again the *basic point that, if the EEC were* to open its markets to U.S. agricultural produce, that would be a major contribution to reducing the U.S. deficit. It will side with Germany to the extent that pressures are exerted on Britain and France to eschew protectionism, and on Japan to open further its domestic markets. But Mr. Carter will be seeking to find a way of spurring the trade negotiators towards a satisfactory conclusion in Geneva. He will undoubtedly argue that Congress, in its present mood, will never ratify a new trade agreement which does not give U.S. farmers a fair opportunity to sell overseas.

Mr. Carter may find himself giving a few lectures on the realities of U.S. politics. Why, the cry is often heard, blame the President when Congress should be criticised?

Perhaps above all, President Carter may find himself giving a few lectures on the realities of U.S. politics, and the balance of power between executive and legislature therein, to his fellow leaders. It is no accident that Mr. Carter's closest international friend is Mr. James Callaghan, the British Prime Minister, largely because the latter is *essentially a political animal.* The feeling in Washington is that Messrs. Schmidt, Giscard, Fukuda *et al.* accustomed to different forms of parliamentary democracy, lack the same appreciation. Why, the cry is often heard here, blame the President when Congress should be criticised?

Mr. Carter is learning, painfully at times, to make deals with Congress. The U.S. hopes that Bonn will show a similar give-and-take attitude—or, as *Mr. Jody Powell, the presidential* press secretary put it, "for this summit to be successful, all the nations involved will have to demonstrate a commitment to various aspects of economic co-operation, including, but not limited to, energy."

Mr. Carter might wish that the Soviet Union would be so co-operative.

Canadian election speculation increases

By Victor Mackie

OTTAWA, July 12.

MR. PIERRE TRUDEAU, the Canadian Prime Minister, is proposing to the provincial premiers that the first ministers' conference on the constitution should be moved forward to mid-September instead of being held at the end of that month. This move has increased speculation that the Liberals are gearing up for an autumn election.

The party has launched a public opinion survey across Canada to test the political climate before the Prime Minister makes up his mind in mid-August whether to have an *election in* the autumn or to wait until next year.

The cost of the poll is reported to be $100,000. The results are to be submitted to the Prime Minister early next month on his return from the Commonwealth Games in Edmonton, Alberta. He will confer with his closest political advisers at that time to hear arguments for and against waiting until 1979 for the election.

The Prime Minister's office today released the texts of letters to the 10 premiers. Mr. Trudeau proposed that they should meet in Ottawa in mid-September. He hoped the premiers would be ready then for in-depth discussions on federal proposals for constitutional change plus any alternatives to those proposals.

The Prime Minister would like the conference to be open to full television coverage. Most of the premiers complain that Ottawa has not consulted them enough before bringing in its Bill for constitutional change. They say Mr. Trudeau is in too much of a hurry. But Quebec has said it will attend a first ministers' meeting on the issue.

The cost of living rose by 9.2 per cent in the year ended June 1978, Statistics Canada reported to the Government today.

The all items consumer price index (1971 equals 100) advanced by 0.9 per cent from 173.6 in May to 175.1 in June. Higher food prices which were up 2 per cent in June were again largely responsible for the rise. The index for all items excluding food increased by 0.4 per cent with higher home ownership costs accounting for more than a half of the rise.

OVERSEAS NEWS

Polisario orders Mauritania ceasefire

THE POLISARIO Front, which has been fighting against Morocco and Mauritania for two years to establish an independent Western Sahara state, today ordered its guerrillas in Mauritania to observe a ceasefire.

The decision came two days after a bloodless coup which ousted President Moktar Ould Daddah from power in Mauritania. His Government was replaced by a military committee.

The Polisario Front said: "After the recent events in Mauritania, instructions have been given to the Sahrawi Popular Liberation Army to *stop temporarily its operations* in Mauritanian territory as a gesture of goodwill and out of a desire not to increase tension." The Front's statement was signed by Bachir Mustapha Sayed, the movement's deputy secretary-*general.*

Mr. Mustapha Sayed said: "We have offered the new authorities in Mauritania a chance to review the criminal policy of the deposed Head of State because this is the only way in which a real revival will *be achieved in Mauritania.*"
Reuter

Our Foreign Staff writes: Colonel Mustapha Ould Mohammed Salek, who led Monday's coup, said that he and his officer *colleagues had seized* power because the country was on the verge of bankruptcy. In an interview broadcast from the capital, Nouakchott, he said that his administration would co-operate with Morocco in seeking a solution to the Saharan problem.

Australian uranium talks deadlocked over royalties

BY OUR OWN CORRESPONDENT IN CANBERRA AND PAUL CHEESERIGHT IN LONDON

HOPES OF a rapid start to the development of the big uranium deposits in the Northern Territory of Australia started to slip away yesterday when Government negotiators reached a deadlock with the Northern Land Council on the level of royalties to be paid by the mines to the local Aboriginal population.

The Northern Land Council is a statutory body, established to guard the interests of the Aboriginals. It has been arguing for a royalty rate of 18 per cent, having scaled down its demand from an original 36 per cent.

The Government, on the other hand, has offered 4 per cent—that is to say 1.5 per cent on top of the 2.5 per cent to which the Aboriginals are entitled under Northern Land Rights legislation.

Negotiations have centred on the royalty to be paid from the Ranger uranium project, a joint venture involving Peko-Wallsend, EZ Industries and the Commonwealth Government. But the level established is likely to set a pattern for other projects.

Ranger is scheduled to be the first Northern Territory project to start construction and the companies had hoped to start work in the current dry season, which lasts to November. This would have allowed the project to come on stream in 1981. Negotiations on sales contracts for the first year's production are already taking place.

The Government and the Northern Land Council are due to meet again next month, but failure to agree then will result in the appointment of an independent arbitrator.

A delay in reaching an accommodation of interests between the Goverment and the Aboriginal interests could retard the development of Ranger and mean no production from the mine until 1982.

Development of the mine cannot take place until terms have been agreed with the Northern Land Council. Indeed, the royalty negotiations are one of the last pieces in the jigsaw of regulations and conditions for uranium mining which the Australian Government has for the last year been trying to fit together.

It has been moving as fast as it felt politically possible in the face of vociferous but fragmented opposition, partly because of a fear that national contractual obligations to supply uranium might not be met without a rapid start to the development of new mines.

In March, Mr. Doug Anthony, the Deputy Prime Minister, referring to contracts signed before 1972, said that the position could become critical by 1981-82. Australian uranium policy was in limbo between 1972 and 1977.

The level of the royalty the Government has proposed is *much closer to what the uranium* industry thinks desirable than to the demands of the Aboriginals. On Tuesday, Mr. Bernard Fisk, the uranium manager for Peko-Wallsend, told the Uranium Institute in London that he expected the current negotiations "to be concluded quite soon."

But the resistance of the Aboriginals to the Government proposals reflects a growing recognition of their political power, fostered by the recruitment as negotiator for the Northern Lands Council of Mr. Stephen Zorn, an American who has represented Indian minorities in the U.S.

Australia holds about 20 per cent of the world's known uranium reserves but has only one producing mine, Mary Kathleen, which is part of the Rio Tinto-Zinc group.

Queensland strike cripples mines

A *FIVE-WEEK strike* has crippled operations at four of Australia's major coking coal mines, forcing the country's largest coal producer to halt all exports.

The strike by the combined mining unions in Queensland is the worst that the Utah Development Company—a subsidiary of General Electric of the U.S.—has faced in its 12 years of operation. Coal stockpiles at two ports ran out two weeks ago.

About 15 per cent of the miners now work on continuous shifts, but Utah wants to double this to include workers in the coal preparation plants and train-loading operations. The workers are not satisfied with the company's *package of extra wages* and benefits. The union, however, has not stated specific wage demands.

The federal Government, which is losing nearly $1m daily in taxes and revenues, has asked the Australian trade union *leader Mr. Bob Hawke, to seek* to resolve the dispute.

A Utah spokesman said the 24-hour work day was the only way the firm could contemplate paying its 2,000 miners extra wages, especially under Government guidelines requiring wage increases to be indexed in line with inflation.

"Our offer is final and non-negotiable," he said, pointing out that the average wage of a miner was A$19,000 ($21,755) annually for a 42-hour week. He said Utah *had offered employees* a production bonus of A$30 ($34) a week in addition to other benefits.

Utah's coal exports dropped by nearly 500,000 tonnes last year to 16m tonnes, the first drop since exports from the rich central Queensland coalfields began. The *fall was due to the depressed* state of the world's steel industry.

Utah, the single biggest coal supplier to Japanese steel mills, last year saw its Japanese exports drop from 12.6m tonnes to 11m tonnes. Exports to Europe rose from 3.5m tonnes to 4.7m tonnes. Utah's export capacity will rise a further 4.3m tonnes annually by 1980 when its fifth mine, Norwich Park, begins production.
AP-DJ

Tension eases in Beirut

By Ihsan Hijazi

BEIRUT, July 12.

TENSION eased in Beirut today and fighting lessened after *Lebanese police took control* of the main bridge connecting the mainly Christian eastern sector of Beirut with the north of the country.

The bridge was opened for the first time since the outbreak of fighting between Syrians of the Arab peace-keeping force and right-wing Christian militias nearly two weeks ago. The take-over coincided with the return here of Mr. Kamel al-Assad, Speaker of the Lebanese Parliament, from Damascus where he had crisis discussions with the Syrian leadership.

The central area, which had seen heavy fighting earlier, was still deserted however. The head offices of local and foreign banks in Riad Solh Square remained closed.

Several banks have opened temporary offices in the safer west Beirut district.

Burma pact on refugees in Bangladesh

By Our Own Correspondent

RANGOON, July 12.

THE BURMESE GOVERNMENT has agreed to accept back "lawful residents of Burma" now sheltered in Bangladesh camps after fleeing across the border from western Burma in recent months. The agreement was contained in an accord reached between delegations from Burma and Bangladesh after three days of talks in Dacca from July 7 to 9

The accord gave no indication of the number of "lawful residents of Burma" now in Bangladesh camps.

India plans to double growth of production

BY K. K. SHARMA

NEW DELHI, July 12.

PLANS TO DOUBLE growth in India's industrial production to 7 per cent during fiscal 1978-79 over the dismal 3.5 per cent rise achieved last year have been drawn up. Mr. George Fernandes, Ministry of Industry, today said the new target "is feasible" and was based on consultations with other economic ministers.

As part of the exercise, detailed analysis of demand, capacity and output levels has been made for more than 150 industries which together account for 90 per cent of the weight in the index of industrial production.

The new strategy involves substantial imports of items that are hindering production in some sectors, including generation sets and balancing equipment. It is hoped that targets already set for crucial industries like power, coal, steel, fertilisers and non-ferrous metals will be achieved.

Higher targets have been set for industries like paper, cement, commercial vehicles, wagons and textiles.

China's open door to refugees from Vietnam

BY OUR OWN CORRESPONDENT

CANTON, July 12.

CHINA would accept Chinese refugees from Vietnam as long as Vietnam continued to persecute them, according to a senior official in Canton.

Mrs. Chen Ching Tao, deputy director of the Office of Overseas Chinese Affairs here, said last night that more than 150,000 Chinese residents had fled Vietnam since March, claiming that harassment and extortion by Vietnamese officials had made their lives intolerable.

Asked whether China was prepared to give refuge to the entire 1.5m Chinese citizens living in Vietnam, Mrs. Chen said: "We will receive as many as they expel." China preferred overseas Chinese to stay in their adopted countries and live in peace, she said, but if they were victimised and wished to return to their homeland, China's doors would be open.

Canton is a major resettlement centre for refugees from Vietnam. About 30,000 have been brought here after crossing the border into other provinces in South China. Most of them are being settled at existing state run farms or at collectives specially established in recently developed areas of Kwangtung province.

Those with special skills would be given jobs appropriate to their former occupations, said Mrs. Chen. Where possible they would be located in the regions where their families originated, but this would depend on the amount of land available to support them.

China's expenditure on resettling the 150,000 refugees from Vietnam had now reached about 1,700 yuan (about £520) a person, said Mrs. Chen.

This outlay would be met from funds no longer being sent to Vietnam for the aid projects which China cancelled last month. Aid specialists returning to China have reported that Vietnam was misusing grants meant for the development projects. They said they had been frustrated in their attempts to complete projects because equipment, materials and funds had been diverted to other purposes.

Reuter reports from Peking: China today accused Vietnam of dreaming of becoming the overlord of South-East Asia. A commentary in the People's Daily, the Communist Party newspaper, said that Vietnam was acting as junior partner in a drive by the Soviet Union for world domination.

It said the border conflict between Vietnam and Cambodia, the expulsion of Chinese nationals from Vietnam, and Vietnamese attempts to disrupt relations between Peking and the countries of South-East Asia were part of the overall *plot. "In this plot, the Soviet* superpower, with its own hegemonistic aims, provides cover and support for the Vietnamese authorities' regional hegemonism," it said.

The New China News Agency reported from Hanoi last night that talks to allow two Chinese ships into Vietnamese ports to evacuate Chinese refugees had reached an impasse due to the "unreasonable attitude" of the Vietnamese authorities.

PEKING'S POPULATION POLICIES

Curbing the baby boom

BY JOHN HOFFMANN IN PEKING

CHINA, already markedly successful in controlling population growth, is to intensify its family planning programmes.

The Chinese population, presumed to be about 900m, is now growing at an annual rate of 1.6 per cent according to recent UN estimates. China has published no overall statistics to confirm this but it has announced that its objective is to limit *growth by the year 2000 to 1 per* cent—a lower figure than most Western nations have achieved.

Figures released sporadically by Chinese authorities indicate that the goal may be within reach. Population growth in *some of the nation's* biggest cities, including Peking and Shanghai, is down to 0.6 per cent and in Szechuan Province, China's most populous region, growth dropped last year from 1.23 per cent to 0.87 per cent.

In rural areas however the rate is generally much higher. And population expansion is encouraged in some areas inhabited by minority races whose numbers declined under oppressive regimes in the past.

Vice Premier Li Hsien Nien said recently at a meeting of the State Council's family planning group that the country should strive to bring population growth down to the 1 per cent level.

Great strides had been made in family planning, he claimed. But people should not forget its *importance.*

Family planning advice and publicity should continue and population control should be a part of economic planning in all regions, he said. The State Council would convene a national conference next year to recognise "outstanding individuals and advanced collectives" for their work in family planning.

China made population control a national objective in the 1960s. Educational programmes were stepped up and regulations to *limit family size were introduced* in the 1970s.

Contraception is widely promoted. The most common form in the cities is sterilisation—46 per cent of couples in Shanghai, for instance, have chosen this method although male sterilisation is relatively uncommon. In normal areas, intra uterine devices (IUDs) are favoured. Abortion is freely available in cases of "accidental" conception and the Pill is also used. The biggest influences on the size of families have been the "late marriage" principle and official disapproval of couples who produce more than two children.

Men are allowed to marry at 20 and women at 18 according to the Chinese constitution. But *since 1976 the "advised"* marriage ages have been 28 and 25. This "advice" is reinforced by comprehensive education programmes which urge restraint in the young.

Chinese newspapers last year published articles warning young people about the dangers, both physical and ideological, of early marriage. Other articles recommended exercise and hard work as being effective in repressing adolescent yearnings. The two-child family is the norm in *China's cities. Appeals to newly-*weds to space and limit their children — so as not to take women away from the workforce for too long — are reinforced in some areas by regulations which reduce food rations and other benefits for third and subsequent children.

The success of China's birth control programme is a triumph of pragmatic policy over traditional Chinese beliefs that big families were best and that male children were superior to *females. The exact effect on* China's total population can only be guessed at. There has been no published national census since 1954 but Government officials tend to refer to "China's 800m people."

Foreign demographers set a *higher figure. Various indicators,* they say, show there are now between 850m and 950m Chinese. Some demographers suggest that despite the success of family planning campaigns, China may be in for another involuntary baby boom. About one-third of the population is below the age of 15 and in the next decade or two the majority of the people will be of reproductive age. Whatever happens, a China of 1bn inhabitants seems inevitable.

The Chinese leadership is not *worried about the capacity of the* country to support its people. Everybody, the authorities claim, has adequate food, clothing and housing, and food production is rising at a faster rate than population.

The doomsday *theory of a* population explosion does not interest China and it has insisted that each country should set its own population policies in line with its development needs.

In China's case, the policies are *based on one simple practicality:* large families take too many women away from the workforce.

WORLD TRADE NEWS

Agreement to build smaller Airbus

By Michael Donne, Aerospace Correspondent

THE FRENCH and West German Governments yesterday gave formal approval to the *decision of* Airbus Industrie, the European aircraft manufacturing group, to launch the smaller, 200-seat B-10 version of the A-300 Airbus.

The B-10 go-ahead was announced late last week by Airbus Industrie, with orders and options from three major European airlines—Lufthansa, Swissair and Iberia of Spain.

Other airlines are studying the aircraft, including Air Inter of France and Alitalia of Italy. In the U.S., a "tentative option" for *25 B-10s has been signed by* Eastern Air Lines, which earlier this summer signed a contract to buy up to 23 of the bigger 250-seat A-300 Airbuses.

While the French and West German Government approvals for the launching of the B-10 have been regarded as a formality, they are essential to enable Airbus Industrie to discuss with the European banks, both State and privately-owned, the question of financing the development of the aircraft, which is expected to cost up to about £200m.

The B-10 is designed to fly over short to medium ranges, carrying up to about 200 passengers. It is regarded in the airline industry as a major competitor for the proposed Boeing 767 twin-engined 200-seat jet.

The aircraft *will be built by* Airbus Industries, which includes Aerospatiale of France and Deutsche Airbus of West Germany (in turn including Messerschmidt and VFW-Fokker), with assistance from Fokker-VFW of Holland and CASA of Spain.

The UK as yet is not a partner on the B-10, although it builds the wings for the bigger A-300 B-2 and B-4 airbuses. The UK Government has yet to make up its mind whether or not to join with Western Europe in developing a new short-to-medium range jet for the future, or to take up an offer from Boeing of the U.S. on collaboration on the proposed 757 short-range jet airliner.

A UK decision had been hoped for by now, but it seems likely *that it may* be delayed for a week or two—although some conclusion is expected before the Parliamentary summer recess

● Airbus Industrie, the European consortium which builds the Airbus, says the French domestic airline, Air Inter, has ordered one additional A300B-2, bringing its total fleet of the wide-bodied, twin-jet A300 to six. The aircraft will be delivered in February, 1980, reports Reuter from Paris.

With this new order, Airbus *Industrie's order book breaks* through the 100 mark for firm orders for the earlier versions of the Airbus.

Fifty-three are already in service with 16 airlines. Airbus has firm orders for 47 additional aircraft and options on 39 others.

Credit rating agreement by shipbuilders

By David White

PARIS, July 12.

LEADING Western shipbuilding countries meeting at OECD headquarters here have stuck by their gentlemen's agreement on minimum export credit rates, despite West German and Finnish pressure to ease them.

The agreement currently stipulates a minimum interest rate of 8 per cent over seven years, on up to 70 per cent of a vessel's value.

West German shipbuilders, in particular, feel that the ruling is compounding their problems by giving them less advantageous credit conditions than other borrowers on the domestic German market.

However, delegates at a two-day meeting of the OECD's special working party on shipbuilding ruled out the possibility of any easing in conditions. In principle the intention is gradually to tighten credit terms as part of a joint effort to relieve cut-throat competition between Western European and Japanese shipbuilders.

Figures prepared by the OECD group show that Japan and the Association of Western European Shipbuilders are continuing to take a roughly equal share of orders.

The Japanese were at pains to explain the extent of their efforts to curb output and returned to their attack on European shipyards for doing less to adapt to the present crisis.

ITC ruling on methyl alcohol

The U.S. International Trade Commission (ITC) has ruled unanimously that imports of methyl alcohol from Canada are injuring domestic producers.

The ITC decision means that the Treasury Department will be required to continue an investigation under the anti-dumping act and rule later whether the imports, worth about $14m, have *been sold in the U.S. market at* unfairly low prices.

Saudis halve rates

THE JEDDAH port authority has offered importers a 50 per cent cut in discharge rates for *immediate cargo unloading,* reports Reuter from Jeddah.

A harbour management statement said the measure was intended to encourage a quick flow of goods out of the port. Under the incentive, importers will pay 7.5 riyals ($2.17) for each unloaded ton compared with the regular charge of R15 ($4.34).

Japan planning emergency imports valued at $4bn

BY ROBERT WOOD

TOKYO, July 12.

THE JAPANESE Government plans at least $4bn worth of emergency imports in the fiscal year which ends March 31 next year, a Cabinet-level task force on balance of payments problems *indicated today.*

The imports include $1.2bn definitely planned, $2.2bn for which preparations are almost complete, and $600m still under consideration.

The nation bought $1bn worth *of emergency imports last year,* but still ran a current account surplus of $14bn.

The emergency imports already committed include $685m worth of civilian aircraft, $45m worth of aircraft for leasing abroad, $120m worth of uranium ore, *$14m worth of helicopters,* $30m worth of semi-processed iron ore and $14m worth of nickel and chromium.

Soon to be finalised imports include $1bn worth of enriched uranium, $430m worth of oil for storage in surplus oil tankers, an additional $194m worth of civilian aircraft, 39 ships previously owned by foreign subsidiaries of Japanese companies worth $647m, and $70m worth of *medical machinery.*

Officials acknowledged it might be impossible for some of the aircraft to be delivered before the fiscal year ends. But they said they hoped that additional emergency imports could be purchased to bring the total within the fiscal year well above $4bn.

Mr. Toshio Komoto, Minister of International Trade and Industry, has suggested emergency imports worth $10bn.

The object of the plan is either to accelerate imports *Japan would eventually have to* buy in the future or encourage imports which are marginally economic (such as ships and planes for leasing abroad), so as to reduce the current account surplus in the short term, while the Government implements other measures for the long term.

Most are being purchased by private or semi-private organisations with encouragement or financial help from the Government.

● The total tonnage of foreign shipbuilding orders received by Japanese yards last month fell dramatically, it was announced today.

The Japanese Ship Exporters Association blamed increased competition by nations such as South Korea and Yugoslavia and the yen's sharp appreciation against the dollar, making Japanese exports more expensive.

Although the number of ships ordered in June rose to 13 compared with 11 in May, the total tonnage was cut by nearly half to 79,748 gross tons from 153,357 in the previous month, the association said.

Arms mission to visit China

BY COLINA MacDOUGALL

JAPANESE ARMS manufacturers are to send a mission to China in September, the Japanese news agency Kyodo has reported.

While the group's task will be mainly to discuss technical *exchanges,* the Chinese are thought likely to inquire about weapons purchases. The mission is expecting contacts from China's Seventh Ministry of Machine Building, which handles aircraft and missile production.

China began sounding out Japan on weapons imports three years ago, defence *industry sources were quoted as* saying. When a Chinese machine industry mission visited Japan in 1975, it brought a shopping list of weapons which included tanks, missiles and military aircraft.

No deals were made because of the Government's policy forbidding weapons exports and the restrictions applied by *COCOM (the coordinating committee for exports to Communist* areas).

However the Chinese continued individual contacts with Japanese makers. These contacts suggested that the Chinese wanted anti-tank missiles and tanks, jet fighters plus their equipment such as engines, gunnery control devices, air-to-air and air-to-ground missiles and radio equipment.

They were also seeking air command control devices such as ground radar, telecommunications equipment, other airport facilities and anti-submarine patrol planes.

While Japan cannot freely export arms, Kyodo reported that observers had pointed out *that it would be able to supply* China with precision machinery for aircraft manufacture. Japan could also provide know-how in fields such as factory systems, management and computers. They also suggested that China could buy parts from third countries and have them assembled in Japan.

Trade talks with India

BY K. K. SHARMA

NEW DELHI, July 12

A NINE-MEMBER delegation headed by Mr. Pravinchandra Gandhi, president of the Federation of Indian Chambers of Commerce and Industry (FICCI) will visit China from August 7 to 16. It will hold discussions with Chinese economic and trade organisations in Peking

Although three Indian groups took part in the Canton fairs in the past two years, this is the *first high-powered* Indian business team to visit China although a more select group representing the engineering industry has just returned from a tour of that country.

At present, two way trade between India and China is less than R10m (about £600,000). In a background note the FICCI secretariat says that prospects of increased trade flow are good since China has shown interest in fertilisers, blast furnaces, dredgers, computers, electronic equipment, automatic control equipment and hand tools.

FICCI says that a long-term strategy is needed since "China's economic manoeuvres in international markets are well known. More recently, its desire to import iron ore from *India is seen by Sinologists as* a move to bargain with better strength with Australia, which is China's main supplier."

The note adds: "This demands continuous monitoring of China's import plan and its trade diplomacy which India can *hardly ignore if it does not want* to be taken by surprise."

Latin American potential

BY OUR FOREIGN STAFF

IF BRITAIN cares to look further than its year-end balance of payments with Latin America and commits itself to being an active partner in a democratic development process in the region, it could gain substantial trade benefits and improve its political relations with the Third World.

This is stated in an article by Hugh O'Shaughnessy and Juan Rada in the publication, *Britain and Latin America, the* first annual review of British-Latin American Relations, published by the Latin America Bureau.

The authors say that "the full development of Latin America's political and trading potential and the ending of political oppression in Latin America are intimately linked, and the two must go hand in hand.

The Latin America Bureau was established last year with the help of the voluntary development agencies and church bodies.

(Britain and Latin America, an Annual Review of British Latin-American Relations 1978. Latin America Bureau, PO Box 134, London NW1 4JY. £1.95.)

Pakistan row with France halts plant

By Simon Henderson

ISLAMABAD, July 12.

ARGUMENTS OVER the supply of a French nuclear reprocessing plant to Pakistan have halted the construction near here of a truck assembly plant belonging to the French company Saviem. No progress has been made on the factory site in the Islamabad industrial area since the original contract worth $275m was signed in November last year.

The Pakistan Government is refusing to go ahead with the project while France tries to change the contract for a nuclear reprocessing plant signed in 1974 into a so-called co-processing plant which would not produce plutonium as a byproduct. Pakistan is determined to go ahead with the original reprocessing contract even though it will also mean that the U.S. would cut off all aid, except food. As part of the French persuasion, most expatriate technicians are reported to have been withdrawn from the project site at Chasma on the River Indus where the shell of the reprocessing plant has already been constructed.

Australian quota threat

BY KENNETH RANDALL

CANBERRA, July 12.

THE AUSTRALIAN Government is considering a plan to use import quotas for passenger motor vehicles in an attempt to force an opening in the European beef market.

The Department of Special Trade Representations has suggested in a submission to Cabinet the use of quotas for leverage purposes in negotiations with the EEC. But a decision on the recommendation will be deferred until the results of the Multilateral Trade Negotiations are known. It will affect the level of quotas for the last half of this calendar year.

Government estimates put the size of the Australian car market in 1978 at 440,000 units. The Industry and Commerce Department has recommended that passenger vehicle import quotas should be set at 88,000 units.

Petrochemical goal for Brazil

BY DIANA SMITH

RIO DE JANEIRO, July 12.

THE GIANT $2bn Camaçari petro-chemical complex inaugurated recently in Bahia State, North East Brazil, is a major step towards two official goals: self-sufficiency in petrochemicals, and installation of heavy industry in the hitherto impoverished, under-developed North East.

The complex is a substantial achievement with Petroquisa (Petrobras petrochemicals, a State-run enterprise), drawing on the Japanese concept of fully-integrated industries. In order to benefit from advanced foreign technology without losing Brazilian control (a new concept for Brazil) three party shareholdings *are involved: one-third* Petroquisa, one-third foreign groups and one-third Brazilian private groups.

The complex hinges on the Ceman unit—the raw materials centre run by Petroquisa's North East petrochemical company (Copene)

This unit will crack 1.6m tonnes a year of tar or gas oil and process 500,000 tonnes of natural gas, producing 388,000 tonnes of ethane and 618,000 tonnes of ethane by-products *(propane, butadiene, benzene,* toluene, orthoxylene, paraxylene, and butane-xylene mixes).

The ten downstream units now inaugurated will produce styrene, nitrogenous fertilisers, isocyanates, caprolactam (the base material for nylon-6), oxythene, polyalden, polypropylene, polythene, DMT (dimethylterephthalate—the base material for polyester) and sulphates.

Hoechst, through Foster Grant, holds a third of the styrene unit, Du Pont a share of the isocyanate unit, the International Finance Corporation (World Bank) a share of the oxythene unit, Staatsmijnen of Holland a share of the caprolactam unit, Nissho-Iwai of Japan a third of the polyalden unit, Dynamit-Nobel (Friedrich Flick group of Germany) a third of the DMT unit and Sumitomo and a subsidiary of Rhone-Poulenc a third of the polythene unit.

ICI holds one third of the polypropylene unit. Other downstream units already operating in the area (with imported raw materials) will now be linked up with the Camacari complex: these include Ciquine, in which Mitsubishi Chemicals and Nissho-Iwai hold one third, CCC (Colloidal Carbon) in which Philips Petroleum holds 40 per cent and, Fisiba (synthetic fibres) in which Italy's Techint, Mitsubishi and Dow Chemicals all hold shares.

The population of Camacari was 30,000 in 1970: it is now 50,000 and expected to reach 250,000 by 1980. The advent, and *building of the complex have led* to a property boom and concomitant rise in rents from $3 to $100 a month. To ensure incoming transport of raw materials, an outgoing transport of the complex's products, an entire road network has had to be built, and the port of Aratu completely modernised and expanded.

East German agreement

BY OUR OWN CORRESPONDENT

Brazilian private and State-run trading companies and East German State trading enterprises have now signed a letter of intent aiming at two-way exchanges worth $1.25bn over the next three years.

Annual exchanges of just over $400m in future represent more than double the present rate of Brazilian-East German trade. In 1977, this totalled $174.4m (with Brazilian exports of $121.4m and imports from the GDR of $53m).

Under the new agreement, Brazil will sell a wide range of goods including soya meal and oil, cotton and other textiles, fruit juices, industrial sanitary ware and motor parts.

East Germany, which is to open a $200m credit line to the Bank of Brazil to finance purchases of cranes and other port equipment (items that are very favourably received in Brazil and other South American countries) will also export sophisticated optical and hospital equipment, printing, packaging and textile machinery and sulphur.

Big rise in price of petrol to be shelved

By Ray Dafter, Energy Correspondent

OIL COMPANIES are shelving the idea of a big petrol price rise later this year.

The industry's latest move to reduce the impact of the forecourt price-cutting war is taking longer to implement than many oil marketers had hoped. Thus companies concede that their hopes of raising prices by 7p or 8p a gallon by the end of the year are unlikely to be realised.

Companies are reducing discounts to dealers in particularly competitive areas. The discounts, which cost oil companies an estimated £100m. a year, enable dealers to offer cut-price petrol.

Last month Esso Petroleum, one of the market leaders with some 6,000 dealers, reduced its support to many of its retailers, with the result that prices at many garages have risen by 1p or 2p a gallon.

Esso was banking on other companies' to follow suit but their response was much slower than expected. Consequently Esso has lost a little of its market share to companies still supporting dealers.

Improvement

However, there are signs that companies are following Esso's lead, at least in some areas. Shell, for instance, provides discounts to 1,600 of its 6,200 dealers. It is understood that 1,500 of the assisted dealers have raised prices by an average of 1p a gallon or more, or are doing so. British Petroleum has also been reducing discounts where local competition allows.

The market for petrol has improved well beyond the industry's expectation this year. During the January to May period, companies sold between 6.5m and 7m tonnes of petrol, more than 6 per cent above sales in the corresponding five months of last year and the highest rise since 1973. Most companies had been expecting the market to grow be about 3 per cent this year.

Companies have also been helped by the recent firmness of the pound against dollar. As crude oil is traded in dollars it is estimated in the oil industry that a 2 cents drop in the value of the pound reduces the annual profit on petrol sold in the UK by about £6.5m.

But in spite of these favourable signs, companies foresee little chance of raising prices by much more than 1p to 2p a gallon this year. With plenty of oil products available on the European market, the petrol sector remains highly competitive.

Walk-outs 'cost BL 20% of production'

BY RAY PERMAN, SCOTTISH CORRESPONDENT

MR. MICHAEL EDWARDES, chairman of BL (formerly British Leyland), said yesterday that the group could increase production by 20 per cent immediately if unofficial walk-outs and absenteeism ended.

He was addressing shop stewards at the Leyland Bathgate truck and tractor plant, Lothian, after a meeting there of the BL advisory board, which covers all companies in the group.

Mr. Edwardes has recently been considering the commercial vehicles side of BL, which, although less troubled than the car operation, has been causing concern.

Bathgate, for example, which was described by Mr. Edwardes as one of the most efficient plants in the group "when it is working," has been plagued by disputes and complacency.

The Management complained three weeks ago that productivity had fallen to 54 per cent of targets. Absenteeism is understood to have reached 25 per cent in some areas.

The company and unions hope that a self-financing productivity deal, which came into operation this week and might give the 5,500 hourly-paid employees up to 15 per cent more, will increase output.

Mr. Edwardes told unions that the company intended to continue investment at Bathgate in spite of its disappointment at recent performance. About £20m had been spent reorganising the plant during the past 18 months.

BL vehicles could produce at high quality, but consistent production was necessary for overseas markets.

Mr. Edwardes said later: "We will go on investing but I made the point that if the British motor industry is to have a future—and that must have a question mark hanging over it at the moment—then in the whole industry we have got to eliminate the disruption of unofficial strikes.

"The strike weapon is legitimate if it is used properly, but if we are going to continue having wildcat strikes, then the industry has no future at all.

"The whole of the industry in Britain is in the balance now unless we can get to the position where our customers trust our deliveries."

Mr. Jimmy Swan, convener at the plant, said that stewards had been impressed by Mr. Edwarde's forthright attitude and accepted that output would have to be increased. The new agreement would increase productivity and new procedural arrangements to curb absenteeism were under discussion.

Fast-breeder 'fix' could help recycling of plutonium fuel

BY DAVID FISHLOCK, SCIENCE EDITOR

THE CIVEX process, an Anglo-U.S. "technological fix" for making fast-breeder reactor fuel so deadly that there could be no risk of anyone using it to make nuclear weapons could be adapted to plutonium fuels for use in present-day light-water reactors.

Dr. Walter Marshall, deputy chairman of the UK Atomic Energy Authority and co-inventor of the Civex process, told the annual meeting of the Uranium Institute in London yesterday that he had worked out ways of applying it to recycled plutonium fuel.

Recycled plutonium fuel is a particular bête noire of the U.S. Government, which effectively banned its use in the U.S., although it is being tried out experimentally in three nuclear stations in West Germany.

Dr. Marshall said that he was satisfied that technically the Civex process—first announced early this year—could be used to retain recycled plutonium in an "inaccessible" form. But he did not think there was any practical possibility of this being done.

This was because of the vast stockpile of unpreprocessed spent nuclear fuel already existing in the world today, with no prospect of a rapid reduction. There was no possibility of recycling anything but "old" plutonium, in which radiation already had decayed well below the highly dangerous levels, through light-water reactors during this century.

Recycling of plutonium fuel was likely only in a handful of countries with advanced nuclear programmes — and they were precisely the countries most likely to instal fast-breeder reactors. The arrival of the fast reactor, therefore, would overtake the opportunity to use Civex for light-water reactor fuel.

For those reasons, said Dr. Marshall, if the Civex process—being studied by the 40-nation International Nuclear Fuel Cycle Evaluation — were adopted, it would be for fast-reactor fuel.

Where plutonium fuel was being recycled it would be done under careful institutional and conventional methods of safeguarding.

Philips price policy queried

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

THE Office of Fair Trading has written to the household appliance division of Philips Industries asking for more information about its new pricing policy. Apparently it is concerned that the minimum advertised prices, which the division is trying to introduce, may be an infringement of the Resale Prices Act.

The letter represents the beginning of a drive by the office to clamp down on companies which seem to be trying to get around the Act.

Philips Electrical said last week that it intended re-introducing recommended retail prices along with new minimum advertised prices. Retailers would be free to advertise price reductions of a further 2.5 per cent but would be discouraged from making bigger price cuts.

Under the Resale Prices Act it is unlawful for manufacturers to lay down minimum prices at which their goods can be sold in the shops. A judgment in 1971 suggested that this prohibition extends to minimum advertised prices as well as retail prices.

The Office of Fair Trading said yesterday that it was determined to take action against any breaches of the Act. As well as examining the Philips case, it is looking at possible breaches of the legislation in other sectors, including the photographic trade.

Building upturn end forecast

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE MODEST revival in construction work in the UK will tail off rapidly next year, according to the National Council of Building Material Producers.

The council, which chose the publication of its latest forecasts yesterday as an opportunity to criticise Labour Party proposals for nationalising parts of the building materials industry, believes that the improvement in work levels this year will not last.

According to the council's forecasting panel, the constant price value of the industry's total new work during 1978 will rise by 3 per cent. When repair, maintenance and improvement work is taken into account, the workload is expected to rise by 4.5 per cent.

But the material producers say that because of the prospects of a short-lived revival in the economy, they expect new construction output next year to rise by only about 1.5 per cent, or 2 per cent when repair and maintenance work is included.

In 1980, however, the council expects overall output to show no growth at all.

In 1978 itself, the material producers believe that total housing starts will reach 285,000 against 267,000 in the previous 12 months. At the same time, total completions should total 305,000, a margina; increase on the 1977 figure of 303,000.

Thereafter, it anticipates a decline in starts and completions in both public and private sectors.

The Council of Building Material Producers expects the buoyant outlook in the private industrial and commercial sectors to continue throughout the remainder of this year and into 1979. Repair, maintenance and improvement work has proved to be the real growth point for the industry, it says, with a 7.5 per cent increase in work this year likely to be followed by further, though much smaller, increases in 1979 and 1980.

Carbon fibres increase

BY SUE CAMERON

COURTAULDS is to increase the annual capacity of its carbon fibres plant at Coventry from 100 to 250 tonnes a year.

The company said yesterday that work had already begun on the new plant which is expected to come on stream next year.

The expansion was a response to continuing high growth rates in the world market for carbon fibres. Capacity at Courtaulds' Coventry plant was increased from 50 to 100 tonnes a year 15 months ago.

Courtaulds already claims to be among the largest world producers of carbon fibres which are used primarily in the aerospace and automotive industries.

The fibres, which are characterised by their strength, rigidity and lightness, are used—with other composite components—in the making of aircraft frames and helicopter rotar blades, for example.

Courtaulds said that the world market for carbon fibres was now increasing at a rate of more than 40 per cent a year and this level was expected to continue well into the 1980s.

The new plant will not provide a significant number of extra jobs at Courtaulds' Coventry site.

U.S. valve deal move by Serck

By Kenneth Gooding, Industrial Correspondent

SERCK IS the first of the European industrial valve makers to move into the U.S., and not in a small way. If a $25m deal with Atlantic Richfield goes through as expected Serck will become number three in the world league in its particular field.

It is not surprising that the top two companies, Crane and Cameron, both independent concerns, are U.S. organisations. For the American market is the biggest in the world, buying more than $1bn of industrial valves each year.

Two years ago the British company started to investigate seriously the production prospects in the U.S. and now it is to buy from Atlantic Richfield the facilities and products of the Aloyco division of the Walworth Company.

For its cash, Serck will acquire the Aloyco plant in Linden, New Jersey; a stainless steel foundry at Elizabeth, New Jersey (said to be one of the better foundries of its type in the States); and an office, distribution centre and small modification factory all on the same site at Valley Forge, Pennsylvania.

Ministry 'ignored EEC offer' on Eleni V

BY PAUL TAYLOR

ASPECTS of the Department of Trade's handling of the Eleni V tanker pollution incident were strongly criticised yesterday by local authorities in their evidence to a Commons Select Committee.

In his evidence to the committee Cclr. Ian Coutts, leader of Norfolk County Council, accused the Government of ignoring an offer by the Common Market to set up an emergency plan to deal with oil pollution.

Mr. Coutts said that he had been told of the plan by an assistant to the EEC Transport Commissioner when he was on a recent visit to Brussels.

Research snags

The local authorities told a sub-committee of the Select Committee on Science and Technology investigating the incident that they were "extremely critical" of the Department's apparent indecision over key questions in the affair, and the delay this caused.

Research had concentrated on crude oil, and not enough research had been conducted on the qualities and pollution effects of heavy fuel oil. The Department's contingency plans for tanker disasters were "inadequate."

The assault on the Department was led by Mr. Coutts, who said that even on the evening of the disaster the Department was unable to decide what to do with the wrecked bow section of the tanker, despite the fact that a tug had a line aboard.

Because of this indecision, he said, the tanker hull spent three weeks being towed, or blown up and down the East Anglian coast spilling its oil cargo, before the Department decided to explode it.

Mr. Coutts and other council representatives said they had no criticism of the Department's handling of the incident once decisions had been made, but suggested that the need to check important decisions with officials in London had delayed effective action and indirectly caused greater pollution.

Mr. Ken Ward, chief executive of Great Yarmouth Borough Council, told the MPs that the Department was handling compensation claims on local authorities' behalf, but had refused to underwrite these claims.

He said the local authorities had spent about £700,000 between them on the clean-up operation, and this money had had to be found from the rates.

Mr. Chalier, pollution officer of Suffolk County Council, told the committee that it was not until three days after the disaster that a Government research laboratory was able to tell them what sort of oil had been spilt and how it should be treated. By this time the local authorities had obtained the information from the ship's owners.

Multiple sclerosis research

A SUBSTANTIALLY increased programme of investment in multiple sclerosis research has been announced by the Multiple Sclerosis Society.

The society, marking its 25th anniversary with a £500,000 appeal, is extending its grants programme to the sponsorship of research fellowships and "career development award" posts and the establishment of more research facilities.

It is establishing three postdoctoral research training fellowships at a cost of £25,000 each over three years. The first has been awarded to Dr. Alan Turner, working in the Department of Neuro-chemistry in the Institute of Neurology, Queen Square, London. Others are to be established in immunology and virology.

Funds are to be allocated for the establishment of an experimental pharmacology department and a national tissue bank for MS material.

Double boost for workers' co-operatives

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE DEVELOPMENT of workers' co-operatives in Britain received a double boost yesterday.

The Co-operative Bank launched a special financial assistance scheme for worker-owned ventures and the Government confirmed that Lord Oram is to be the first chairman of the Co-operative Development Agency.

This marks a shift of opinion among political parties and other interests toward co-operatives. Both initiatives are intended to make it easier for such enterprises to raise the finance and to gain the expert financial and managerial advice that they have often lacked in the past.

The Co-operative Bank's scheme has been launched on the personal initiative of its chairman, Sir Arthur Sugden, and is its first major attempt to help worker co-operatives, although it has provided some favourable overdraft facilities in recent months.

It is to lend up to £25,000 to a workers' co-operative, provided an equivalent amount is invested by the workers themselves.

The bank will want evidence that all, or almost all, the workers in the enterprise have taken a shareholding of at least £500 each, although it would prefer as much as £1,000.

Since most new co-operatives are thought to start with about eight to 20 people, the bank envisages that most of its loans will be nearer £5,000 than the £25,000 ceiling.

Sir Arthur said yesterday that the overdrafts and loans, made for between three and seven years, would be available on terms "generally better than those usual for business ventures because the bank believes that the risk will be tempered by the high personal commitment of the individuals involved."

A special study is to be made by the bank of how co-operatives function at Mondragon in the Basque area of Spain, where a central banking and management consultancy organisation provides funds and expertise for new enterprises in which workers involved invest up to £1,000 each. Government funds are also involved.

The scheme was welcomed yesterday by Mr. Alan Williams, Minister of State for Industry, as a "real step forward" and the bank is expected to work closely with the Co-operative Development Agency which Mr. Williams' Department is setting up.

Yesterday the first chairman of the agency was officially named as Lord Oram. He is a Life Peer who, as Mr. Albert Oram, was a Labour MP for 28 years till 1974.

He will work three days a week as the agency's chairman at an annual salary of £7,200. His appointment lasts for three years. Board members of the agency are to be announced soon. It starts work in September.

UK 'not at bottom of growth league'

BY DAVID FREUD

STATISTICAL DATA on the economy are consistently biased to understate the true rate of growth, according to the City stockbrokers Hoare Govett.

When the level of growth in the last 10 years is reassessed, the brokers say "there is no question of the UK being one of the world's fastest growth economies, but equally we do not find ourselves at the bottom of the league of industrialised countries."

The firm goes on: "On a per employee basis the UK's performance is very substantially better than that, for instance, of the U.S."

According to the firm's thesis the UK is experiencing exceptionally fast growth, at an annual rate of 6 to 7 per cent.

This high rate of growth explains both the deterioration of the trade balance this year and what has happened to interest rates.

It adds that the relatively minor impact on the trade account, coming at a time when domestic demand was so strong, implies that the underlying position must be very satisfactory.

The firm welcomes the recent economic package and the higher interest rates, which it says will shift the UK from super-normal to normal growth, with fairly encouraging implications for inflation, balance of payments and level of interest rates.

The reason for the underestimation is that the initial estimate for a year is compared with the revised one for the previous year.

In the years 1970-76 the initial estimates of growth would, if taken together, have amounted to a total expansion of 11.2 per cent, while latest estimates imply an advance of more than 12.8 per cent.

Redundancies cut to 85

THE National Cash Register company in Dundee, is to make 85 employees redundant between October this year and March 1979, fewer than originally expected.

Mr. Richard MacDonald, managing director of the Dundee company, said yesterday that the maximum possible effort had been made to minimise the loss of microprocessing work and efforts had proved successful.

Former Leyland executive denies forgery

A FORMER British Leyland executive and his wife yesterday denied obtaining £15,000 from the Daily Mail by using forged documents which purported to be copies of letters to British Leyland.

Mr. Graham Barton, 34, and his wife Fatma, 32, both of Hounslow, Middlesex, pleaded not guilty between them to a total of five charges at the Old Bailey.

The documents concerned were allegedly forged copies of a letter purporting to be from Lord Ryder, a former chairman of the National Enterprise Board, to Mr. Alex Park, chief executive of British Leyland, and dated October 15, 1976, and a letter purporting to be from the Bank of England to the Treasury Manager of British Leyland and dated January 14, 1976.

The couple denied forging the Lord Ryder document and uttering it knowing it to be forged and with intent to defraud between October 1, 1976 and April 30, last year.

Mr. Graham Barton alone denied forging the Bank of England document and uttering it between the same dates.

Both husband and wife pleaded not guilty to dishonestly obtaining £15,000 from Mr. Stewart Gustav Stephen by falsely representing the documents were genuine copies of letters in the possession of British Leyland.

Investigation

Mr. Henry Pownall, prosecuting, told the jury: "The allegations, in a nutshell, are that both these defendants forged one letter and Mr. Barton forged a second and by pretending that both were genuine copies of real letters obtained £15,000 from the Daily Mail."

Mr. Pownall said in the summer of 1975 there was a reconstruction pending at British Leyland.

As a result, Barton, a financial executive with the company, was chosen to conduct an investigation and prepare reports on various payments made by certain divisions of British Leyland.

"Apparently, during his investigations, he thought he had come across a state of affairs which in his view was undesirable."

Mr. Barton had thought he might be able to obtain considerable financial reward by selling a story to a newspaper. To get it he resorted to forging two letters.

Mr. Barton showed the documents to Mr. Nicholas Guitard, a freelance journalist, who on his own initiative approached the Daily Mail.

After they had made such inquiries as they could, the Daily Mail decided to publish. On May 17, last year, they told Mr. Guitard they would pay £15,000. The story appeared on May 19.

The trial was adjourned until today.

Ruisdael landscape bought in

SALEROOM

BY ANTONY THORNCROFT

SOTHEBY'S held its major summer sale of Old Masters yesterday. The morning session produced a total of £1,178,750. A disappointment was the failure of the most important picture, a landscape by Jacob van Ruisdael, to find a buyer. It was bought in at £68,000.

Brod Gallery of London paid £62,000, plus the 10 per cent buyer's premium, for a mountain landscape by Joos de Momper. A river landscape by Jan Brueghel the younger realised £60,000 and a still life of flowers in a glass beaker by Ambrosius Bosschaert the younger was sold for £48,000.

Duits, another London dealer, gave £35,000 for a winter landscape with a monastery by the master of the winter landscapes — Gysbrecht Leytens — while Noortman bought a still life with crayfish by Georg Flegel for £28,000.

The other top prices were the £28,000 for a set of four pictures of the elements by Jan Brueghel and the £26,000 from the Alexander Gallery for a pair of bridges by Giuseppe Zocchi.

A pair fo lightweight, 20-bore, sidelock ejector guns by Boss, made in 1948, made £12,000 in a sale of modern sporting guns and vintage firearms at Christie's yesterday. They were bought anonymously in a sale which totalled £130,409.

Also among the sporting guns, a pair of 12-bore by the same maker made £9,200 and a pair of 12-bore by J. Purdey, with interchangeable extra barrels, c.1976, by B. E. Chaplin, was sold for £7,200.

A private German purchaser paid £6,800 for a little-used pair of 12-bore, sidelock ejector guns by John Wilkes, 1937.

English and foreign silver realised £70,755. The day's top lot, at £2,700, was paid by the Spanish dealer Duran for a large George IV circular salver by John Craddock. Also sold at £2,700 was a pair of George IV two-handled wine coolers and a Dutch, vase-shaped, partly-fluted castor by Reynier de Haan, The Hague, 1756.

The start of the fourth and final session devoted to the sale of books from the Evelyn Library which ends today saw a further £55,805 added to the previous total of £648,871. Yesterday's sale of volumes T to Z saw Maggs, the London dealer, pay £4,800 for A Discourse of Traictise of Petur Martyr Vermill, a Florentine, by Vermigli.

A first edition of Orang-outang, sive homo sylvestris (or the Anatomy of a Pygmie) by Edward Thyssen, 1699, went to Quaritch at £3,800. It is the earliest work of importance in comparative morphology. Thyssen was the first to recognise a "missing link"—that man was probably a close relative of certain lower animals.

● NEWS ANALYSIS—AVON COSMETICS

A vote of confidence in Britain

BY PAUL TAYLOR

THE DECISION this week by Avon Cosmetics, the U.S. direct-selling cosmetics multinational, to spend £18m on the first stage of a modernisation and expansion programme in the UK was no surprise. The announcement of plans to invest about £18m on a second stage was, however, completely unexpected.

Avon has traditionally avoided publicity. The Press conference called to announce the expansion programme was the first held by the UK subsidiary since the company moved into Britain in 1959.

Its UK production plant at Northampton which employs about 900 people was the company's first step into a European market where it had a turnover last year of £165m. It is, therefore, an appropriate place to begin modernisation.

The decision to concentrate European expansion plans in the UK is seen as an important vote of confidence by the American Board in the Northampton factory's performance and in Mr. Brian Crosby, UK manager of Avon Cosmetics.

In terms of jobs, the first phase of the expansion programme is unlikely to have any effect. The employment implications remain unclear too if the American Board approves Mr. Crosby's second phase which involves updating warehousing facilities on the site.

More efficient materials handling could even reduce manning requirements and disturb the company's hitherto good industrial relations record.

However, the hefty, and probably self-financed investment in Northampton represents a commitment by Avon to the UK, which is one of its fastest growing markets, and guarantees a continuing slice of the European export market for the UK subsidiary.

Last year, the company had a UK turnover of £33m and this is expected to increase by about 20 per cent this year. Mr. Crosby describes the company's performance as "better than the cosmetics market as a whole."

Internationally last year, Avon had a turnover of more than $1.6bn (£880m), an increase of $214m (£114m) over 1976. Almost 60 per cent of sales last year were in the U.S. Pre-tax profits last year were up by about $42m (£22.5m) to $381m (£203m). Avon boasts sales to 65m customers in 24 countries.

The UK performance is probably almost entirely due to the direct-selling technique used by the company, which claims 70,000 active representatives in Britain alone, and is based on a series of short sales drives. It follows from this that Mr. Crosby can say with confidence that there is no intention of moving into the shop retail trade.

He also says that in spite of a hint in the annual report that it is becoming more difficult to recruit sales representatives, this is not a problem in Britain.

Although the new investment in plant at Northampton will double production capacity and turn the factory into the most modern cosmetics plant in Europe the company does not intend to alter drastically the pattern of its European operations.

At present, Northampton exports 30 per cent of its production, mostly to Sweden, France, Belgium and Holland. This figure is expected to remain the same.

However, Avon has recently completed a rationalisation of its European manufacturing, closing down an old and inefficient plant at Liancourt in France and concentrating mainland production in Italy and Germany.

The main rival to the U.K. for the expansion investment was Ireland. In spite of an offer from the Irish Government said to more than match the UK Government's investment grant of £1.875m, the decision to opt for Britain seems to have been based largely on the fear of a shortage of skilled labour.

Avon Cosmetics already has a plant manufacturing costume jewellery, soap and brushes in Ireland and, as if by way of a consolation prize, Avon recently announced a £8m investment in this factory.

While the first stage of the UK investment programme—building a new factory to house 100 ft long production lines—has been approved by the American Board, the second stage will depend on the company's performance over the next two years.

Mr. Crosby is obviously confident that, barring major disruption and in particular industrial troubles, the company will perform to expectations and he will be able to persuade the American Board to finance the next stage of expansion.

OBITUARY

Rothermere dies at 80

LORD ROTHERMERE, chairman of the Daily Mail and General Trust and president of Associated Newspapers, died yesterday aged 80.

He had been proprietor of the Daily Mail and the Daily Sketch group since the 1930s when he took over from his father, the first Lord Rothermere. The Daily Mail was created by his uncle, Lord Northcliffe, the founding genius of British mass-circulation daily newspapers.

Lord Rothermere imposed a high Tory policy on his newspapers which he controlled with detailed interest in the style of the old Press Barons.

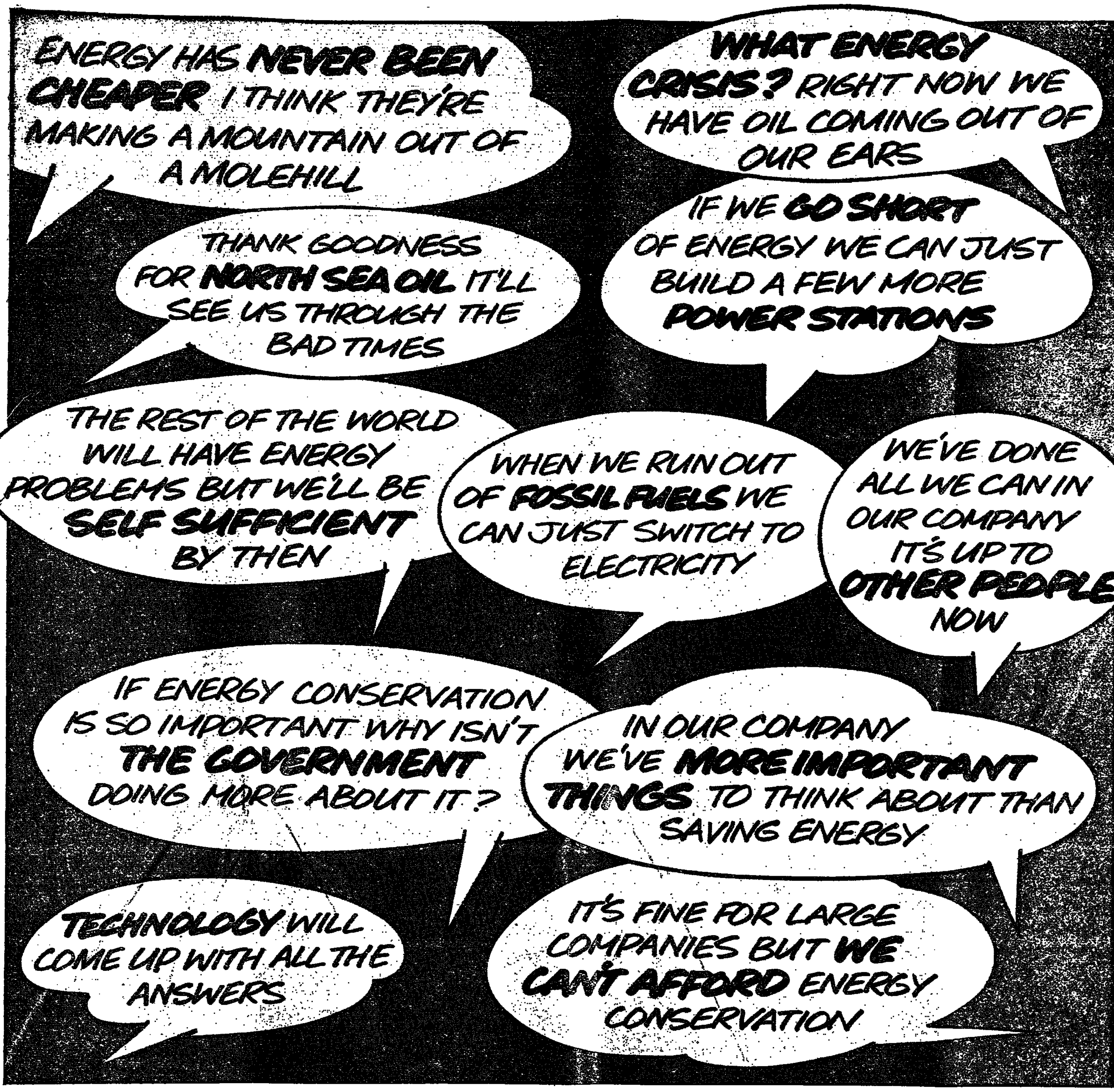
He was elected a Conservative MP for the Isle of Thanet in 1919 at the age of 21, campaigning strongly against excessive Government spending, and in 1932 as Edward Harmsworth, was appointed chairman of Associated Newspapers. He succeeded to his father's title in 1940.

In 1934, when he was 36 he was elected chairman of the Newspaper Proprietors' Association. He retained that position for 27 years and became one of the most important figures in Fleet Street.

During the 1960s he presided over a series of Fleet Street mergers which resulted in the closure of the News Chronicle and Star and the Sunday Dispatch.

Lord Rothermere married three times. First to Margaret Hunam. Then after this marriage was dissolved, he married Lady Anne O'Neill in 1945. In 1966 he married Mrs. Mary Ohrstrom, then 35 and the mother of six boys.

Lord Rothermere is succeeded in the title by his son Mr. Vere Harmsworth, the present chairman of Associated Newspapers.


ENERGY HAS NEVER BEEN CHEAPER I THINK THEY'RE MAKING A MOUNTAIN OUT OF A MOLEHILL
WHAT ENERGY CRISIS? RIGHT NOW WE HAVE OIL COMING OUT OF OUR EARS
THANK GOODNESS FOR NORTH SEA OIL IT'LL SEE US THROUGH THE BAD TIMES
IF WE GO SHORT OF ENERGY WE CAN JUST BUILD A FEW MORE POWER STATIONS
THE REST OF THE WORLD WILL HAVE ENERGY PROBLEMS BUT WE'LL BE SELF SUFFICIENT BY THEN
WHEN WE RUN OUT OF FOSSIL FUELS WE CAN JUST SWITCH TO ELECTRICITY
WE'VE DONE ALL WE CAN IN OUR COMPANY IT'S UP TO OTHER PEOPLE NOW
IF ENERGY CONSERVATION IS SO IMPORTANT WHY ISN'T THE GOVERNMENT DOING MORE ABOUT IT?
IN OUR COMPANY WE'VE MORE IMPORTANT THINGS TO THINK ABOUT THAN SAVING ENERGY
TECHNOLOGY WILL COME UP WITH ALL THE ANSWERS
IT'S FINE FOR LARGE COMPANIES BUT WE CAN'T AFFORD ENERGY CONSERVATION

Prospects good for oil profits

By Ray Dafter, Energy Correspondent

PRINCIPAL OIL companies' profitability is expected to improve over coming months, according to a report on the international oil industry.

Vickers da Costa, stockbrokers, report that the fall in overall profits of the biggest oil companies over the last year appears to have ended. Comparison with the fourth quarter of last year suggested that profitability was increasing.

Since the results for the first three months of this year became available, there had been small signs that the demand for oil products was increasing in the main countries of the Organisation for Economic Co-operation and Development.

If that trend continues, the report says, the fall in oil production from members of the Organisation of Petroleum Exporting Countries might end. Crude oil prices might rise.

However, the absence of a mid-year OPEC price rise had given relief to "hard-pressed" oil refining and marketing. The benefits should show increasingly in profits this year if demand continued to grow.

On the other hand, the standstill in crude oil prices did not help producers of expensive crude, such as those in the North Sea. Those operators could not adjust prices to take account of inflation and the weaker dollar.

Vickers da Costa expect those conditions to last until the end of this year. Meanwhile, revenues of North Sea producers will be about 4 to 5 per cent below last year's peak levels.

Air freight service starts

PELICAN AIR TRANSPORT, an all-cargo operator, has begun services using Manchester international airport as its base. It is the first cargo carrier to be based in the north.

The inaugural flight by Boeing 707 left with general cargo for Zambia, returning with a consignment of grapes from Cyprus. The aircraft has been named Manchester Lass and a spokesman said yesterday it was expected it would be joined by a second 707 in September.

Oil companies split on accidents at sea

BY LYNTON McLAIN, INDUSTRIAL STAFF

THREE OF Britain's biggest oil companies disagreed yesterday over fundamental aspects of oil tanker operations in evidence to MPs investigating ways of preventing accidents at sea.

Witnesses from Shell, BP and Esso disagreed over training, the need for collision avoidance systems, the use of steering simulators, the impact of drink, the need for stand-by tugs and route planning for supertankers.

All three companies did agree that route selection was constrained by international shipping lane regulations.

But Captain Alec Dickson, a director and head of operations services at Shell International Marine, and Mr. George King, managing director of BP Tanker Company, said their captains were under no company constraints on route selection.

Shell and BP captains had complete freedom to choose how close they sailed to coasts.

Esso took a totally different approach. Mr. Sidney Jackson, manager of Esso Petroleum marine operations, told the trade and industry sub-committee of the expenditure committee that it operated a formal, laid-down structure for monitoring all voyages by the company tanker fleet.

Every voyage was pre-planned in detail from start to finish. Each stage of the voyage was monitored from the shore, as the events were taking place, by a senior navigating officer.

It was his duty to report immediately any failure to stick to the pre-arranged plan, to the master of the ship, and to Esso management ashore.

Procedures

The system had been introduced for every ocean-going and coastal vessel operated by Esso, "regardless of its flag."

No incidents had occurred when the procedures had been in full operation and Esso said they had been a "major contributor" to reducing the frequency of incidents in the fleet.

Ships' masters were disciplined if they made a significant deviation from the plan, whether or not it resulted in an incident.

There was disagreement over training. Esso said that qualified engineers on tankers did test drills for connecting emergency steering gear.

BP told the MPs that it would be impossible to say whether or not crews could be regarded as "adequately trained" if they had not physically connected the emergency system.

Earlier, the British Ship Research Association had told the committee of the need for a ship-board simulator. This could forecast events from steering and engine data.

Esso said this "must be a great help," but Captain Dickson of Shell said that the company approached the subject with a "considerable degree of nervousness." Tests had shown conflicting results.

Museums 'should open on public holidays'

BY CHRISTOPHER DUNN

A CALL for museums to stay open during public holidays has been made by the Standing Commission on Museums and Galleries, an independent watchdog body of 14 members appointed by the Prime Minister.

But museum staff should be rewarded for working during holidays, the commission adds in its tenth report since it was set up in 1930.

Before 1969, opening hours were operated by staff working voluntary overtime. This should be possible again, provided the staff can choose whether they want to work the unsocial hours.

"Steady pressure of staff associations has gradually reduced museums' opening hours until by the Christmas holidays in 1976, they were closed for five consecutive days and on New Year's Day."

During the May holiday, Kew Gardens, the Tower of London and Hampton Court were shut, as well as London's art galleries, because Civil Service Union members wanted to enjoy the holiday too.

"We deplore the closing of national museums during holiday periods. The collections in these museums are the property of the public, and the museums have a duty to make them accessible."

The Commission which receives about £40,000 from the Civil Service Department annually, also suggests that all national museums could be given trustee status, like the six major trustee museums in London.

This status should be given immediately to the Victoria and Albert, the Science Museum and the Tower Armouries.

Men and Matter, Page 18

Free banking for school leavers

IN A FURTHER step to attract young customers, the Trustee Savings Banks are introducing a new free banking facility for school leavers. This follows last month's move by the savings banks to tap the student market, already strongly courted by the big clearing banks, by offering special facilities.

Under the school leavers scheme, the banks are offering pupils who will be seeking employment this summer a cheque account with no charges, for cheques, standing orders, direct debits and statements for the first 12 months from the opening of the account.

Subject to the discretion of branch managers, applications will also be considered for £50 cheque guarantee cards once the customer reaches the age of 18.

ROYAL COMMISSION INVESTIGATES BRITAIN'S GAMBLING HABITS

Report calls for £100m. national lottery for deserving causes

BY MICHAEL THOMPSON-NOEL

A NATIONAL lottery for good causes, stricter control of rapidly expanding society and local authority lotteries, and an increase in duties from casino gaming, are proposed in the final report of the Royal Commission on Gambling, published yesterday.

The Commission says that, in spite of the good work achieved by public lotteries, the situation it has unearthed is "scandalous."

"There is wholesale disregard of the law (which is inadequate and confused), commercial exploitation to a totally unacceptable degree, gross lack of security and, we strongly suspect, a good deal of plain dishonesty."

LORD ROTHSCHILD — chairman of the Royal Commission on Gambling.

But the Commission favours a national lottery for good causes, administered by a Board of people "with independence of spirit and imagination coupled with personal distinction and public standing."

The Board would decide how to allocate proceeds, which, in the first year, would total £100m.

The cake should be cut like this: Prizes, £37.5m; good causes (the report quotes "sport, the arts, other deserving causes"), £37.5m; expenses (including operator's commission), £15m, and tax, £10m.

A sweeping re-organisation of horse racing and a limit to profits of the two biggest football pools companies (Littlewoods and Vernons) are recommended, in addition to a statutory Football Board to administer £7m. worth of aid to professional and amateur soccer; an end to all spot-the-ball competitions, and a major tidying up of the rules governing licensed bingo and jackpot machines.

The report took nearly two-and-a-half years to compile, cost an estimated £585,010, runs to 581 pages, advances 304 recommendations and probably amounts to the most rigorous survey of a nation's gambling habits, laws and spending ever undertaken.

The Commission received 1.75m words of formal evidence from more than 150 sources, plus informal help from another 150 individuals and organisations.

The Commission is scathing when reviewing the current local authority and society lottery craze. It says it was impossible to estimate the national proceeds from society lotteries, and unsafe to extrapolate, because of missing returns.

"However, the national total for 1976-77 must have greatly exceeded the Gaming Board's estimate of £40m for 1975.

"It might have been anything between £100m and £200m, excluding the proceeds from private and local authority lotteries.

"We believe that a substantial part of this total included lotteries that were being run unlawfully, because the societies promoting them failed to make returns or submitted returns that were incomplete or inaccurate — in some cases, deliberately.

"The number of societies running lotteries unlawfully may well have been about half of those registered, that is about 50,000."

Among recommendations for tightening up the conduct of lotteries is that societies and local authorities should be prohibited from employing "external lottery managers," such as Ladbroke Lottery Management and Littlewoods Nationwide Lotteries, although they should be allowed to employ lottery consultants before the launch of a lottery.

The Commission believes that external lottery managers have too much control and influence over what lotteries are mounted for.

It urges that in all public lotteries expenses should be not more than 15 per cent of turnover.

Following a major national survey, the Commission supports a "National Lottery for Good Causes."

It says 78 per cent of 1,604 respondents said they were likely to enter a national lottery. A small percentage said that such a lottery might make them give less to charity.

"It seems inconceivable that general taxation will, in the foreseeable future, be able to bear the cost of all desirable objects, as distinct from those which are essential . . . a national lottery for good causes is therefore a rare opportunity, indirectly if not directly, to improve the quality of life in Britain."

The national lottery would benefit sport, the arts and other deserving causes.

"Circumstances and priorities will change and it will be for the National Lottery Board to decide what particular causes should benefit at any particular time and to what extent."

The maximum prize should be £500,000, subject to provision for periodic adjustment. This is the same as its recommended maximum pay-out on the football pools.

The Commission makes recommendations in the casino sector. To raise money from punters, every casino should be allowed to place an impost on chips sold to the punter at a maximum rate of 7.5 per cent.

The present system of casino taxation, based on rateable values and the number of gaming tables, should continue. But to recover the money raised via the charge on chips, tax rates should be raised by a factor of eight, with the possible exception of the smaller London casinos, where the factor could be six.

There should also be a new 3 per cent levy on the cash drop at casinos where the drop exceeds £10m annually. Casino tax receipts would have risen from £5.5m in 1977 to an estimated £54.4m had this been implemented—£39.9m coming from casino gamblers, the other £9m from casinos.

Estimated profit and loss account for the casino industry, year ended in 1976, £ million.

	London	%	Provinces	%	Total	%
Drop	374.0		131.3		505.3	
Gross gaming profit (revenue)	64.2		24.2		88.4	
Loss on catering	(1.9)		(0.4)		(2.3)	
Other income	1.9		0.9		2.8	
Total income	64.2	100.0	24.7	100.0	88.9	100.0
Expenses:						
Property costs	2.7	4.2	0.8	3.2	3.5	3.9
Wages	18.2	28.4	12.4	50.2	30.6	34.4
Bad debts	3.8	5.9	0.5	2.0	4.3	4.8
Directors remuneration	0.5	0.8	0.4	1.4	0.9	1.0
Gaming duties	4.5	7.1	1.0	4.1	5.5	6.2
Head office charges	2.8	4.3	1.4	5.7	4.2	4.7
Depreciation	1.0	1.5	0.6	2.5	1.6	1.8
Other costs	7.0	10.9	4.7	19.0	11.7	13.2
Total expenses	40.5	63.1	21.8	88.1	62.3	70.0
Profit before tax	23.7	36.9	2.9	11.9	26.6	30.0
Gross gaming profit (revenue) as % of drop	17.2		18.4		17.5	
Net profit as % of drop	6.3		2.2		5.3	

Casino taxation needs a total overhaul because it is inequitable that the system does not relate present duty levels to the scale of gaming, the level of gross income, nor to a casino's net profits.

It is incongruous that a casino gambler pays so little in tax and the present duty yield is very low absolutely and in relation to money spent in casinos, compared with other forms of gambling.

The Commission says the introduction of a casino general betting duty would lead to some reduction in the amount of money staked—perhaps as much as 25 per cent.

The impact on casino profits is even more dramatically pronounced after allowing for the projected 3 per cent additional levy applied to casinos with a drop of more than £10m. The effect is further to reduce total UK casino profits from £25.3m to £14.9m, and to reduce the profits of the big London casinos from £20.5m to £10.1m.

The overall impact of its proposed 7.5 per cent tax on punters, a 25 per cent reduction in the drop, a change in the edge at roulette in the casinos' favour and an increase, by a factor of eight, in gaming licence duty, would be to half the projected total net profit for all casinos in 1977 from £50.8m to £25.3m.

In the case of London casinos with a drop of more than £10m each, the reduction in net profit is from £38.9m to £20.5m (—47 per cent).

"We recognise that the 1977 figures for London casinos may have been boosted to some degree by the troubles in the Lebanon and especially in Beirut, and that this additional business may not recur. We have taken this factor into account in our proposals."

On horseracing, the Commission concludes that most bookmakers do not make excessive profits; and rejects the notion of a Tote monopoly in betting.

It recommends the formation of a British Horseracing Authority, preferably voluntarily, which would assume many of the funtions of the Horserace Betting Levy Board and in time own all British racecourses.

Football pool betting duty should be reduced from 40 per cent to 37 per cent.

A £500,000 limit in today's money should be imposed on maximum pools prizes. Profits of the two largest pools operators should be limited to 2.5 per cent of money staked.

Three per cent of stakes, around £7m a year, should be used to help football under the auspices of a Football Board, which would absorb the work of the Football Grounds Improvement Trust.

This means that approximately £5m of new money would be channelled into soccer.

The report criticises the poor value punters generally get when winning games of prize bingo and recommends that in no single game of cash bingo should the individual or aggregate prize exceed £1,000.

A special unit should be set up under the Social Science Research Council to study gambling and its psychology. The Unit should be supported by the Home Office.

In 1976, £7.1bn was staked, of which £873m was actually spent or lost. The latter figure compares with £3.1bn spent on tobacco in the same year, £6bn on alcohol and £1.3bn on entertainment.

A little over 30 per cent. of the £873m went to the tax man.

In calendar 1977, total stakes were £8bn. The average revenue of the promoters, before expenses and tax, was approximately 11 per cent, or about £880m in 1976.

About 94 per cent of the adult population, or 39m, gamble, 39 per cent regularly.

About 35 per cent of adults enter the pools each week, or nearly every week; 9 per cent bet on horses or dogs at least once every month; 4 per cent play commercial bingo regularly.

Royal Commission on Gambling, Final Report. Stationery Office. Cmnd 7200. £7.50.

Looking at industry in 1990s

By Our Industrial Editor

A £30,000 research project into the problems that industry will face in the 1990s is being started by the National Economic Development Office.

It is expected to be completed within about eight months, when it will be considered with other work being done by the Government on long-term industrial issues.

The project, which will involve academic consultants conducting a review of the outcome of current research, is called the "1990s project."

It complements the Office's shorter-term work in servicing monthly National Economic Development Council meetings and working on the Government's industrial strategy which is intended to look ahead over a three to five-year period.

The project is being run by Mr. David Stout, the Office's economic's director. The Office believes the research is necessary in order to try to remove some of the uncertainty that inhibits industrial planning.

Six areas are to be covered by the research. They include technological change, availability and supply of labour, social framework and its impact on attitudes to work and leisure, and probable developments in the Common Market.

Lead and health study backed

THE GOVERNMENT is to finance research into whether lead in food and drink significantly affects the way young children behave.

Mr. Denis Howell, Minister for the Environment, said yesterday that his department was to spend up to £150,000 this year on three studies

Researchers studying whether lead in food and drink makes children hyperactive will examine children living near a lead smelter in Tower Hamlets, London, and in Birmingham.

Healey hopes for more facts from Treasury

MR. DENIS HEALEY, the Chancellor, hopes the Treasury will be able to release more information on its background thinking in the future.

In the July edition of the Treasury's Economic Progress Report, Mr. Healey said that good communication was an essential part of the democratic process.

"Indeed, it can be vital to the success of policy—as we have so vividly seen in the nation's fight to bring down the rate of inflation."

The article, to mark the 100th issue of the monthly report, emphasises the importance of background informaion in interpreting official forecasts.

"The Treasury's forecasts, I believe, have a marginally better record for accuracy than their closest rivals.

"But the margin of error in the statistical data on which forecasts rely and the uncertainties about the theories used to interpret them make forecasts an inadequate guide to policy.

"It is particularly important that the public should be aware of the theoretical assumptions on which forecasts are based."

Daily Mail guilty of contempt

FIVE SCOTTISH law lords ruled yesterday that contempt of court in Scotland begins from the moment a person is arrested or a warrant is issued, and not as had been previously held, from the time a crime is suspected and police investigations begin.

The judgment follows a legal dispute last month over an article published in the Daily Mail newspaper on January 19 on double killer Mr. Archibald Hall.

The article appeared at a time when Mr. Hall had been detained by police but had not then been charged with murder. Mr. Hall later pleaded guilty to the murders of Mr. Walter Scott-Elliot, a former MP and Mr. David Wright, and was jailed for life.

At a hearing before five judges in Edinburgh last month lawyers for Mr. Hall argued that the Daily Mail article was in contempt of court and prejudiced the prospect of a fair trial.

The newspaper argued that the time when contempt of court could begin was not the time of arrest, but the time at which an accused person was committed for trial.

Yesterday, however, Lord Emslie, Scotland's Lord Justice General, said the newspaper was guilty of contempt and described the article as "clear an example as could be found" of "trial by newspaper."

The paper and Mr. Peter Clowes, its northern editor, were admonished.

The full 22-page judgment was not read out in the High Court in Edinburgh yesterday, but was made available later. In it, the five judges analysed the existing contempt law, which was last defined by the late Lord Clyde in a similar case in 1959.

They said that in that case the court arrived at the correct decision — but added that they "disapproved" of the suggestion made in that judgment that contempt could run from the time at which a crime was suspected and police investigations had begun.

The judges say that from the moment of arrest a person has rights which he can invoke and which a court is under a duty to enforce.

"Apart from these statutory rights a person arrested may not lawfully be interrogated lest he incriminate himself, and it would be strange indeed if an arrested person should be guarded by the court against interrogation which if permitted could elicit prejudicial if not incriminating evidence, but were not to enjoy any protection at the hand of the court itself against conduct on the part of others likely to prejudice the fairness and impartiality of any trial he may be called upon to stand."

The judges accepted the unreserved and unqualified apology Mr. Kenneth Cameron, QC, for the Daily Mail, had made to the court, and accepted there was no deliberate intention to interfere with the administration of justice.

They add that the article could not have prejudiced a trial — because in the event no trial took place.

PARLIAMENT AND POLITICS

Tory bid for VAT relief rejected

By Ivor Owen, Parliamentary Staff

AN OPPOSITION attempt to widen the relief from VAT in respect of bad debts provided in the Finance Bill—confined by clause 10 to cases where the debtor company is in liquidation—failed in the Commons last night.

Mr. Robert Sheldon, Financial Secretary to the Treasury, maintained that the widening of the clause to give relief for debts where a receiver had been appointed to the debtor company or where the debtor had entered into a composition or an arrangement with creditors would be difficult to administer and probably involve an unacceptably high cost to the Revenue.

He also warned of the dangers of collusion.

But the Minister acknowledged the force of the argument deployed by five firms of leading accountants in a joint letter to the Financial Times last week, that the restrictive nature of the clause could have the effect of leading more creditors to pursue their debtors into liquidation.

While he thought the fears expressed might have been exaggerated, the Financial Secretary announced that he proposed to ask Customs and Excise to monitor the effects of the clause in practice.

"We would stand ready to take action if this appeared to be necessary," he said.

Mr. Peter Rees, a Conservative spokesman on Treasury affairs, suggested that this undertaking reflected the unease felt by the Government over the possible effects of the restrictive terms of the clause.

He urged the House to support an amendment moved by Mr. Graham Page (C. Crosby) which would have permitted relief from VAT in respect of bad debts in cases where insolvency could be proved by default—a formula employed under the ordinary tax rules.

Mr. Rees argued that for many years the Inland Revenue had managed to operate bad debt relief on this basis and he saw no reason why Customs and Excise could not do the same.

Mr. John Pardoe (Lib, North Cornwall) recalled that when VAT was introduced, the last Conservative Government insisted that relief from bad debts was impossible.

He supported the action taken in the Bill and believed that any widening of the clause could well lead to a "host of fiddles." The amendment was defeated by 284 votes to 247. Government majority 37.

Liberal MPs abstained when an Opposition amendment designed to raise the VAT re-registration level for existing traders from the £8,500, provided in the Bill, to £9,500 was defeated by 255 votes to 248 a Government majority of seven.

Ulster debts

PUBLIC DEBTS in Northern Ireland for gas, electricity, council house rents and rates amount to over £28m, Mr. Don Concannon, Northern Ireland Minister of State, said in a Commons written reply.

Claims over building industry disputed

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

UNEMPLOYMENT IN the construction industry is now below 200,000 for the first time in three or four years, Mr. Peter Shore, Environment Secretary, told the Commons yesterday.

He said the latest figures available to his department for the month of May showed that the total had fallen to 187,000.

During question time, he came under strong pressure from the Conservatives, who argued that the Labour Government was clearly committed to the nationalisation of the construction industry.

Mr. Shore, however, went to great lengths to play this down. He emphasised that the proposal for setting up a National Building Corporation had been endorsed by the Labour Party conference and was still being discussed by the party's national executive. But it had not been adopted as official party policy.

He dismissed as "absurd propaganda" the campaign now being waged by CABIN, which represents building employers, with posters throughout the country denouncing Labour's plans to nationalise the industry.

The Tory attack was sparked off by Mr. Michael Neubert (Romford) who asked what discussions Mr. Shore proposed to have with representatives of the building and construction industry regarding nationalisation.

Mr. Shore said that he and Mr. Reginald Freeson, Minister for Housing and Construction, would be having talks with representatives of the industry on July 28.

"I have no proposals to nationalise the building and construction industry and I therefore see no reason why this item should feature on the agenda," he added.

Mr. Neubert said he had assumed that the Secretary of State would be only too eager to publicise the party's nationalisation proposals and the fact that they would initially cost £2.75bn, with subsequent annual costs of £500m. He also pointed out that a public opinion poll had shown that four people out of five rejected any nationalisation of the industry.

In reply, Mr. Shore described the poster campaign as "tendentious advertising" about proposals which were being discussed by the NEC but "which are certainly not in the programme of this Government."

Mr. Robert McCrindle (C., Brentwood and Ongar) wondered what part Mr. Shore had played in Cabinet discussions on the subject, bearing in mind that he was a Socialist committed to public ownership.

But the Secretary of State told him that his main consideration was to improve efficiency in the industry and to maintain employment at as high a level as possible. "We shall always be prepared to consider measures that promote those particular ends," he added.

From the Labour benches, Mr. Eric Heffer (Lab., Walton) maintained that the Labour Party had never called for nationalisation of the industry. The policy statement proposed a measure of public ownership by the establishment of a National Building Corporation and the development and extension of direct labour organisations.

"It is an absolute lie that the party opposite and the employers, through their campaign, CABIN, are trying to put about the country," he said.

But from the Conservative front bench, Mr. Hugh Rossi, Conservative spokesman on housing, recalled that when Mr. Heffer had originally introduced the Labour Party document, he had spoken of "step by step public ownership of the construction industry."

Mr. Rossi called for an undertaking from Mr. Shore that such a proposal would never become the policy of a Government of which he was a member.

Mr. Shore retorted: "We never use the word never."

Earlier, the Secretary of State turned down a suggestion from Mr. Peter Hordern (C. Horsham and Crawley) that he should legislate to allow landlords to offer accommodation for short periods up to one year without restrictive powers of tenure for the tenant.

Mr. Shore said that the advantages of such a scheme would not outweigh the obvious disadvantages to the tenant.

● In the Lords, Lord Strabolgi told the house that the Government had no plans at present to nationalise any part of the brewing industry.

Water plans promised

THE GOVERNMENT will produce proposals early in the next session of Parliament to reform Britain's water supply system, Mr. Denis Howell, Environment Minister of State, said in the Commons yesterday.

He told MPs that he wanted to get some efficiency and some degree of national Parliamentary accountability back into the system.

Mr. Howell attacked the Tories for their reorganisation of local government, the health service and the water services. "They were catastrophic—an absolute disaster for the country," he declared.

Tories take to wide screen

By Rupert Cornwell, Lobby Staff

THE ELEVATION of Conservatism to the status of a product like any other will probably be consummated this autumn when Mrs. Thatcher and her party take to the wide screen, courtesy of Saatchi and Saatchi, and Messrs Pearl and Dean.

Central Office and the Saatchi and Saatchi advertising agency are responsible for the slick new Tory broadcasts on television, which have already been successful enough to make Labour complain that its rivals are selling themselves like soap powder.

That charge will soon be fully proven now that detailed plans have been drawn up for a series of Conservative commercials in the regular Pearl and Dean slot. But a final contract will not be signed until Mr. Callaghan announces the General Election date.

A standard 60-second spot, in among the Martini people, Pure Gold and your friendly neighbourhood Indian restaurant, and running for a week in all Britain's 1,571 cinemas taking advertisements, costs just £20,886, according to Pearl and Dean.

The venture is almost certainly the first time that a UK political party has taken to the cinema screen to sell its charms. Assuming a three- or four-week campaign, the Tories could face a total bill of up to £90,000 if production costs are included.

Peart agrees to sex equality in MPs' pensions Bill

THE GOVERNMENT has agreed to former Social Services Secretary Mrs. Barbara Castle's appeal for sex equality in MPs' improved pensions.

When peers debated the second reading of the Parliamentary Pensions Bill yesterday Lord Peart, Leader of the House, announced that the Government would at a later stage change the Bill to meet Mrs. Castle's request, made during the Commons committee stage.

Lord Peart said this would entitled widowers of MPs, with sufficient qualifying service, to a pension at 65, or before, if they were too ill to earn a living.

Lord Strathcona and Mount Royal, for the Opposition said: "We will hasten the Bill on its passage, with perhaps a tiny tinge of envy at what it does for MPs in the Commons and how little it does for members here."

Lord Aylestone (Lab.) called for improved pensions for MPs with over ten years' service who retired before 1964. It would not be costly as only 70 former members and 45 widows were involved.

Lord Houghton of Sowerby (Lab), said it was time to realise that Parliamentary service was very different from service in the public sector where careers were continuous and where security of employment was generally granted. The British Parliament was the "meanest treated Parliament in the world."

He added: "I do not think it benefits the dignity of this Parliament that we have to make this kind of plea to get this kind of pension."

Lord Boyd-Carpenter (C) said that the remuneration for MPs was "extremely low" by international standards.

He added: "In these days when it is becoming increasingly difficult for an MP to earn very much outside, the situation for such a member who loses his seat—perhaps in middle life with a young family—is a very serious one indeed and one which this Bill does very little, if anything, to remedy."

Lord Boyd-Carpenter called for some form of resettlement arrangement when MPs lost their seats.

The Bill was given a second reading.

Move to ensure filing of company returns

ABOUT ONE-THIRD of registered companies are believed to be in default of requirements for the filing of annual returns to the Registrar, Mr. Clinton Davis, Trade Under-Secretary told the Commons last night.

In a Commons written answer, Mr. Davis said that of the 730,000 companies currently registered in Great Britain, about 260,000 were believed to be in default in the delivery of annual returns to the Registrar, and 300,000 in respect of the delivery of accounts.

A new reminder system was now being introduced as a result of the implementation of the 1976 Companies Act, which would bring the penalties for default more forcibly to the attention of the companies and directors concerned.

Students' unions Bill fails

A TORY backbench move to end automatic membership of student unions was defeated by a majority of 148 (227-79) in the Commons yesterday.

Mr. Nicholas Winterton (C. Macclesfield) had proposed a Bill to make membership of student unions voluntary.

At Reading University, he said, organisations supported by the students' union included one to promote homosexuality, one for playing war games with toy soldiers, a mysterious "Get Away From It All Society," and a beekeepers' group.

Mr. Winterton added: "It may be milk and honey for some students, but it's the taxpayer and ratepayer who gets stung for the bill."

His measure would add the subscription, at present paid direct to the union, onto the student's own maintenance grant. "Students are crying out for an end to the abuse of public money committed in their name. They want proper accountability and genuine democratic control," he said.

Opposing the Bill, Mr. Alan Beith (L. Berwick) said that universities regarded student unions as an essential part of student life.

Without automatic membership, there would be no security for the many people employed by the students, and no year-to-year planning.

The vast proportion of spending went on welfare services, sport, cultural activities, equipment and staff, he said.

Dumping plea to EEC

THE GOVERNMENT is asking the Common Market Commission to take further action against dumping of chipboard in Britain, Mr. Michael Meacher, Trade Under-Secretary, said in a Commons written reply last night.

He said the EEC Commission had obtained price undertakings on behalf of the UK against imports from Sweden and Spain. "We are asking the Commission to examine urgently what further action can be taken against dumped imports from other sources, including Belgium. But anti-dumping action is no longer permitted within the EEC itself."

Chemical plants statement urged

THE GOVERNMENT was yesterday pressed for statements on safety at chemical complexes to ensure that an explosion like the Spanish camp site disaster could not happen in Britain.

Sir Bernard Braine (C., Essex S.E.) asked Mr. Peter Shore, Environment Secretary, in the Commons for a statement on the Canvey Island petro-chemical complex which is in his constituency.

Mr. Shore said he could not make a statement before the summer recess.

Mr. Gordon Wilson (SNP Dundee E.) has tabled a question for Scottish Secretary, Mr. Bruce Millan, about the Mossmorran petro-chemical project in Fife.

LABOUR NEWS

TUC asked to set wages guidelines

BY CHRISTIAN TYLER, LABOUR EDITOR

THE TUC itself should set down wage bargaining guidelines for the coming year, given that there will be no formal deal with the Government on Phase Four, the General and Municipal Workers' Union has decided.

The union last night published the text of its resolution for the September TUC Congress.

It is certain to be seen by some unions as a covert form of wages restraint and will set the scene for this year's debate on wages and the economy.

Priorities

The National Union of Mineworkers will be putting up a much tougher resolution rejecting Government interference in wage bargaining and opposing the extension of the social contract into a further phase.

This is likely to attract the 2m votes of the Transport and General Workers' Union.

Behind the GMWU's motion is the fear that Phase Four will discriminate against its public sector members, whose wages are directly or indirectly set by the Government.

Bargaining priorities should be set through the TUC and without direct Government intervention, the GMWU says.

"These priorities should include the creation of a new meaningful low pay target, relevant to each industrial situation, the establishment of sensible wages structures based on a consolidated rate, and the negotiated reduction of the standard working week to 35 hours and the reduction of overtime working."

Congress will be asked to recognise the sacrifices of workers of the mutually agreed Phases One and Two, but also to recognise that real living standards will recover this year for many TUC members.

"The operation of responsible voluntary collective bargaining is best achieved by the Government refraining from direct interference in negotiations or the use of indirect sanctions and, instead, concentrating on developing an overall economic policy that is agreed with the trade union movement," the resolution says.

Clearly designed to suit all tastes and unite the unions on a moderate platform, the resolution has good chances of succeeding in the shadow of a possible General Election only weeks after Congress.

Press operators return to work

BY PHILIP BASSETT, LABOUR STAFF

WIDESPREAD disruption of BL Cars' production, threatened by a 10-day strike by 640 press shop operators at the Pressed Steel Fisher plant at Swindon, was averted yesterday when the operators voted by a small majority to return to work.

At Chrysler's Linwood plant in Scotland, shop stewards rejected a motion calling for an all-out strike by the plant's 9,500 employees, in support of 550 paintshop workers on strike for two weeks.

About 4,000 workers have been laid off and production of 5,000 cars lost.

Mr. Gavin Laird, Scottish executive member of the Amalgamated Union of Engineering Workers, said that the strike could not be allowed to continue. He would contact other unions to arrange any meetings to try to resolve the dispute.

Mr. Bruce Millan, Secretary of State for Scotland, welcomed Mr. Laird's initiative and said that he would be willing to meet either or both Linwood parties if it would help to reach a settlement.

The operators at the Pressed Steel plant agreed to accept, by a majority of seven votes, a peace formula put forward by the Advisory, Conciliation and Arbitration Service. They went back to work yesterday afternoon.

The strike, which caused 850 lay-offs at Swindon and 50 more at the Pressed Steel Fisher plant at Cowley, followed attempts by management to persuade operators to change a working practice by separating reject body panels from those which can be used.

The operators agreed yesterday to do the job for a three-month trial period. The advisory service will put a mediator into the plant to help both sides "make progress." The company has agreed to take on extra manning if necessary.

Mr. Terry Woodhouse, strike leader, said: "The membership have expressed their wishes, but the strike has not been a success."

Industrial action over the dismissal of a Leyland electrical engineer for the alleged theft of car batteries from BLs Coventry plant was ruled out yesterday by members of the white-collar section of the engineering workers' union.

Mr. Michael Edwardes, BL chairman, denied yesterday that he had issued an ultimatum to workers at the Bathgate truck and tractor plant, near Edinburgh, to boost productivity or face massive redundancies.

But the plant could enjoy a successful future only if there was an end to "wildcat strikes and disruption."

Dockers urge joint strike committee

By Our Labour Staff

THE NATIONAL Amalgamated Stevedores and Dockers Union has called for a joint meeting to form a strike committee and devise tactics for a possible prolonged national stoppage if either of London's two Upper Docks is shut.

The union has already been given a mandate by its members to call a strike in the event of closure, although the response of the dockers as a whole will be governed by the reaction of the Transport and General Workers Union, the biggest union in the docks.

Mr. William Rodgers, Transport Secretary, is studying the Port of London Authority's "modified" proposal to shut the Royal Group of Docks.

A meeting of dockers at the Royals decided yesterday to join a national one-day strike already called by the unofficial national dock shop stewards committee. The date of that has still to be decided.

SUPPORT

Shop stewards are canvassing support for the one-day stoppage in all the registered ports and have already been given backing by union officials at some of the bigger ports, including Hull and Southampton.

Unions will decide on democracy plan

BY OUR LABOUR STAFF

STEEL UNION leaders and the British Steel Corporation yesterday agreed to allow individual steel unions to decide on the corporation's proposals for industrial democracy in the industry.

After a two-day meeting between the corporation and the TUC Steel Committee on the proposals, known as the "steel contract," a further meeting was ararnged for the working party for next month. The party will then meet the corporation.

The corporation has offered to trade an extra seat on its main board to the main steel union, the Iron and Steel Trades Confederation, in return for pay bargaining by the TUC steel committee rather than the individual steel unions and for new consultative machinery.

Six seats on the board have already been promised to the unions, with two marked down for the Iron and Steel Trades Confederation.

The blastfurnacemen, the transport workers and the General and Municipal Workers Union will have one seat each, and 12 craft unions will have one seat between them.

The confederation have already replied to the offer of an extra seat in return for the pay and consultation concessions by refusing to negotiate wages with the other steel unions at national level.

Sir Charles Villiers, Steel Corporation chairman, is keen to get the "steel contract" accepted by the trade unions involved.

Leaders of the confederation are concerned not only over the pay proposals but that the consultative machinery, including proposals for divisional, works, and possibly even departmental participation through joint committees will not give workers real power.

Union seeks building industry reform

By Our Labour Staff

THE TRANSPORT and General Workers' Union yesterday called for a fundamental reorganisation of the way the construction industry operates.

Its proposals, for wider public ownership of the industry, major changes in employment, winter work, safety and management, are incorporated in a new union document A Case to Answer.

Employers are criticised for failing to change "Dickensian methods of working." The union's principle target is to end job insecurity and put construction employment on a regular footing, basic to most other industries.

Urgent North Sea talks demanded

By Our Labour Staff

TWO NATIONAL oil unions yesterday demanded urgent talks with Mr. Anthony Wedgwood Benn, Energy Secretary, on the threat to UK industrial strategy for North Sea oil and gas from the EEC.

The Transport and General Workers' Union and the Association of Scientific, Technical and Managerial Staffs, the two unions representing workers in North Sea oil and gas, said reports indicated that the European Commission was taking steps to undermine British industrial strategy there.

The TGWU said that the Commission seemed intent on abolishing any Government control of landing policy for oil. This would have a disastrous effect on refinery jobs and the "downstream" development of the UK petrochemicals industry.

It would increase North Sea gas prices for industrial and domestic users by diverting jobs to other countries, and destroy the role of the British Gas Corporation as gas buyer.

Mr. John Miller, TGWU national secretary for the oil and chemical industries, said that the intentions of the Commission clearly posed a serious threat to job security in the oil, gas, petrochemical and engineering industries and to the developing tripartite discussions for the oil industry between the unions, employers and the Government.

'Old Lady' a winner on points

GOLF

BY BEN WRIGHT

THE OPENING skirmish in the 107th Open Championship on the much-reviled but world-renowned Old Course at St. Andrews has shown the "Old Lady" to be a winner on points, despite almost as perfect a day as one could wish for scoring, and a course quite beautifully prepared by a hardworking staff.

Many great players were still out jousting in the sharp evening sunlight, and a slightly freshening breeze from the east. But at the latest moment of writing, the tall, spare Japanese golfer Isao Aoki was leading at four under par 68, and had been for many hours.

Of those at varying stages of their first rounds, Peter Butler, from the Royal Automobile Club, Epsom—a veteran Ryder Cup player—was three under par; and the trio at two under par comprised Jack Nicklaus, Howard Clark and Ulsterman David Jones.

Defending champion Tom Watson was even par after 11 holes, but Tony Jacklin, nowadays a forgotten hero, dunked his second shot at the first hole in the Swilcan Burn to take six, recovered to be out in level par 36, started back home with a birdie three at the 10th, then crashed with a six at the 172-yd par three 11th.

In the clubhouse some time ago were four players at three under par 69 — Tom Weiskopf and Ray Floyd of the U.S., Jack Newton of Australia, and Sevvy Ballesteros of Spain.

The prominent U.S. touring professionals Mark Hayes and Ben Crenshaw were among a sizeable group at 70. At 71 came the British hopefuls Brian Barnes, Neil Coles, Sam Torrance and Nick Faldo.

Among those at 72 were Peter Thomson, Bob Charles, Peter Oosterhuis and Manuel Pinero of Spain, while at 73 came Johnny Miller and at 74, Gary Player.

This is a course that demands patience. Several of the fairways are shared and the huge double greens cause much waiting and watching before the player's turn comes to putt.

These are not the conditions that I felt would favour Weiskopf, physically the most commanding golfer in the world.

Today, the big fellow had the field at his mercy. He was out in 31 shots with five birdies, and started back with another.

Alas, he hit his first bad shot at the 15th hole and, as has happened so often before, allowed his concentration to dissipate almost completely.

He dropped two more shots after the one sacrificed at the 15th, taking a six at the menacing 17th—the 461-yard hole—and, back in two over par 38, a potentially superb round became ordinary.

Of the first, 36 players, only 11 made par at the 461 yd hole.

The Spaniard made nothing of the big par five, the 567 yd 14th, with a driver, three-wood and chip to 3 ft that put him four under par with his fifth birdie.

Like Weiskopf and many others he fell foul of the 17th to drop a stroke there.

£2m. order for ship repairer

Office of Information appoint.

THE TYNE Ship Repair group announced orders worth £2m yesterday for converting two ships into North Sea fire vessels.

The supply and anchor handling vessel Shetland Shore is to be lengthened by 21ft to accommodate pumps and generators. The Norwegian-owned pipe carrier Tender Commander is to be modified for charter to a British company.

West London by-pass plan

A SCHEME for a three-and-a-half-mile stretch of new road to bypass Hayes and Southall in West London is being proposed by the Greater London Council.

The proposed road would start at the M4 in the south, pass between Hayes and Southall, by-passing both town centres, and end at the White Hart junction on Ruislip Road. It would cost about £14m. and depending on whether money is available and the length of any public inquiry, work could start in 1983.

THE JOBS COLUMN

Shut-and-open case · Replacement replacer

BY MICHAEL DIXON

THE NOTEPAPER was a discreet shade of cream. "Colloquially known as 'The Gang of Four' our economics department is currently operating as a gang of two," the letter said, "our secretary having gone off on honeymoon with the head of the department. Only the latter will be coming back—to us, that is."

Ah! The law of diminishing returns, I thought; then read on.

"This turn of events leaves us at White, Weld looking for someone who, besides having the usual secretarial skills, would like to spend about half their time developing a talent for economics or statistical work including, for preference, learning to help to operate the computer."

Perchance a likely opportunity, I thought, for one of the lively young women who read the Jobs Column. Then it hit me: White, Weld.

Had I not that very April *morning read in the FT that the* U.S. investment bank of White, Weld had been taken over, not by a gang of anything, but by the Thundering Herd of Wall Street itself. Merrill Lynch, Pierce, Fenner and Smith?

I checked, and sure enough, I had. So I telephoned Peter Wann, author of the letter. Sounding somewhat shocked, he confessed that when he wrote it, he had not been aware of so much as the drumming of distant hoof-beats. But now, in the inevitable uncertainty of the change of ownership, he thought that the secretary cum putative economist's job had better be put into cold storage.

It was duly put there and, in the press of other events, forgotten.

Then the other day up popped Peter Wann again, this time on a sheet of crisp white notepaper, headed Paine Webber Mitchell *Hutchins International.* It seems that he and colleagues from White, Weld have moved northward across the City to join the London branch of this other U.S. investment bank and brokerage house to set up an economics department.

So the aforesaid search recommences, he says.

"The basic requirements are intelligence, curiosity, and eagerness to learn. Prior knowledge of economics is not essential, but interest is. And a mathematical background is not necessary, though a fair tolerance for numbers is needed to preserve sanity.

"If we find the right person, we are quite prepared to train from scratch on the economics and statistical side; though candidates with prior knowledge of these fields should not be deterred from applying."

Mr. Wann does not specify a starting salary. But my estimate would be around £4,000 for someone with the skills for only the secretarial half of the job, and ranging upwards depending on the extent of existing *capability in statistics and* economics.

He hopes that anyone attracted by the opening will contact him by telephone at Paine Webber (16 Coleman Street, London EC2R 5AH—tel. 01-606 7125) or at his home (tel. Downland 52821). And so do I, *because this seems the sort of* story which deserves a happy ending.

New system

OVER the past two years the Bowater-Scott group has been drawing up and starting to *implement a plan for a series* of uniform accounting systems, with the emphasis on management information.

The aim is to replace the existing accounting practices, which I'm told are feeling the strain of age, with a fresh system guaranteed to cope with any likely burden falling on it in the next five years, if not 10.

The point chosen for the start of the changes was the accounts payable section. But with the *work there still to be completed* the accountant brought in to lead the replacement programme has gone to work in a more general financial post elsewhere. So Bowater-Scott is seeking a replacement replacer —*alias* an accounting development manager — to work initially in central London, *though moving to East* Grinstead some time later.

Responsible to David Kay, the manager for finance and administration, the incoming man or woman will have the support of a brace of systems accountants.

Since the aim is to develop the group's systems to match the best in modern practice, candidates will obviously need to appreciate what this is and must therefore be able to demonstrate a wide knowledge of accounting and computer procedures. While necessary, however, this is not sufficient.

Since the recruit will be working through senior managers in the group, and also responsible for getting more than 100 accounting staff to accept the new practices and make them work properly, ability to communicate clearly and persuasively with lesser and even non-boffins will be of the essence.

The group feels that the chosen candidate will almost certainly have an accountancy *qualification, plus some sound* experience of the development of systems of a similar kind, perhaps gained as a management consultant. The likely age range is 28-35. Starting *is put at a negotiable £8,500,* and the perks include a car.

Applications may be obtained by writing to Simone Slade, *personnel* officer, Bowater-Scott Corporation, Bowater House, Knightsbridge, London S.W.1.

Pay mystery

WHEN Keyser Ullman's survey of construction companies' accounts showed that top executives' salaries rose, not with turnover, but with numbers of people employed, I *suggested that* the reason might be an increasingly bureaucratic attitude among the heads of big business concerns.

This "surprised" Antony Carr, managing director of Stephens and Carter, who has written to say that the reason was really that top-level pay *should "bear reference* to the profitability of the enterprise, not the turnover.

"Margins vary from business to business and therefore you can have a high turnover company on a 5 per cent margin being only as profitable as a company half its size (in terms of sales) running at a 10 per cent margin," he adds.

"The reason why numbers employed can be a critical item is that usually value-added varies in relation to the numbers employed, not the turnover."

With this new information, however, arrives another survey by Keyser Ullman—this time of the accounts of companies in engineering and metals, oil and chemicals, plus industrial holding groups—which makes one wonder whether top managers' pay can generally be related to anything.

While the latest survey shows a tendency for pay to rise with size both of employment and turnover, salaries in the best-paying smaller companies by both criteria are a good deal higher than in numerous considerably bigger concerns.

Moreover, Tony Vernon-Harcourt of Keyser's says he tested to see if the pay levels could be associated with profitability, but there were too many inconsistencies to support the *hypothesis of any direct connection.* So we are back in the dark, I'm afraid, although that is preferable to being falsely enlightened.

The best lesson for ambitious managers would seem to be that, in the pursuit of high salaries, company turnover and employment are liable to be misleading signposts. What counts is simply generosity of habit.

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CHIEF SUB-EDITOR (FINANCE) CEEFAX

The CEEFAX financial service is designed to provide a constantly updated report on the world of business and finance. It is not aimed at the professional dealer so much as the rural bank manager or solicitor with funds to invest, at the trade unionist appointed to a Pension Funds committee, and at the intelligent investor. The work will involve operating an electronic keyboard and inputting financial news and information, received from the BBC's own sources and from the financial agencies, directly into a computer for immediate broadcasting.

The two financial staff operating this service are, first and foremost, sound financial journalists, but with the common touch that enables them to explain complicated financial stories within the brief CEEFAX "page". They should be full of ideas for expanding a completely new form of broadcast journalism. They work closely with the BBC's main Finance Unit at Broadcasting House, and candidates may be asked to take a voice-test for radio work. An understanding of the strengths and weaknesses of the CEEFAX format would be an advantage.

Hours: Monday to Friday, but with shifts covering 8 a.m. to 10 p.m. Based at Broadcasting House. *Salary:* £5,970 p.a. (may be higher if qualifications exceptional) x £255 to £7,500 p.a.

Telephone or write immediately for an application form (enclosing addressed envelope and quoting reference number 78.G.2383/FT) to Appointments Department, BBC, London W1A 1AA. Telephone 01-580 4468 Ext. 4619.

BBC tv

Reed Executive

The Specialists in Executive and Management Selection

Financial Controller
Director Designate

Berks **c £10,000 + car**

This prominent forwarding agent, already servicing some of the UK's largest exporters, is about to embark on a major expansion programme. Its top management is being strengthened, with particular emphasis on strong financial support. A top calibre Qualified Accountant is required to be responsible to the Managing Director *for all accounting, financial, legal and company secretarial matters. You will* need to know the money market, be able to develop improved computerised remote batch systems and have that keenly tuned commercial mind so necessary in this demanding but interesting business. Excellent Board prospects within 12 months.

Telephone 01-836 1707 (24 hr. service) quoting Ref: 0466/FT. Reed Executive Selection Limited, 55-56 St Martin's Lane, London WC2N 4EA

The above vacancy is open to both male and female candidates.

London Birmingham Manchester Leeds

Reed Executive

The Specialists in Executive and Management Selection

General Manager
M.D. Designate

Northants/Bucks/Oxon Borders **c £12,500 + car**

This well established manufacturing company is unique in its international trade of high class soaps and other fine toiletry products; it has two Royal Warrants, is a private company and consequently not controlled or influenced by any large *combine, and is completely self supporting in its manufacturing, designing, pack*aging and marketing etc. A General Manager, aged about 35, is to be appointed to control the production from the U.K. and Australian factories and sales and distribution to over 60 countries. Leadership, business acumen and a proven track record are the essential ingredients for this senior position where the successful candidate could become Managing Director in due course.

Telephone 01-836 1707 (24 hr. service) quoting Ref: 0205/FT. Reed Executive Selection Limited, 55-56 St Martin's Lane, London WC2N 4EA

The above vacancy is open to both male and female candidates.

London Birmingham Manchester Leeds

OIL ANALYST

ROWE RUDD & CO. LIMITED

Rowe Rudd is seeking an oil analyst to augment its existing coverage of the international oil and energy industries. The ideal candidate will be well experienced in the oil sector, either through work in a financial institution or in the industry itself, and should be capable of lucid presentation of ideas both verbally and in written form. We offer a work environment which, while demanding, provides considerable scope for the individual to shape the development and presentation of his/her research product. The remuneration package is attractive, and could involve a five figure salary depending on the candidate's experience.

Applications in strict confidence to
G. P. Kelly Esq.
Rowe Rudd & Co. Limited
63 London Wall
London EC2M 5UQ
Telephone 628 9666

Bankers Trust International seek International Securities Dealers

As part of the overall development of our international capital market trading activities we have vacancies for the following self-motivated and professional individuals:

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Both these positions carry a large degree of responsibility and commensurate scope for career development. An opportunity also exists for eventual overseas assignment. Your basic qualifications and abilities will be matched by a generous compensation package including home loan mortgage, personal loan and bonus schemes.

In the first instance please write, enclosing a full C.V. to:
Mr. J. P. Dunford, Personnel Officer, Bankers Trust International Limited, 56-60 New Broad Street, London EC2M 1JU. Tel: 01-588 7131.

BTI

BANKERS TRUST INTERNATIONAL LIMITED

FINANCIAL DIRECTOR DESIGNATE

£7/8,000 **Middlesex**

Our client is an established manufacturer of specialist capital equipment for the packaging industry with turnover around £3 million, part of a private group. This new appointment arises directly from rapid expansion and further planned growth, particularly in exports.

The successful candidate will assume full responsibility for all aspects of company financial matters; in addition he/she will control data processing and personnel activities.

Candidates must be well qualified, self-motivating and be able to accept the high level of responsibility required. The ability to develop financial and managerial controls and information compatible with the company's growth is most important.

This position will ideally suit a person with sound financial management experience, preferably in capital goods manufacturing, and probably in the age range 30-45. Promotion to full Directorship can be anticipated within 6-12 months.

Send full details of career to date, in full confidence and quoting reference *MF 8306 to:*

Handley-Walker

Handley-Walker Co. Ltd.,
Management Consultants,
Essex House, 27 Temple St.,
Birmingham B2 5DF.
Tel: 021 643 6472.

Offices in London, Birmingham & Overseas.

CHIEF ACCOUNTANT

Between jobs

Age 28-35 **£1,000/£1,250 per month**

A.C.A. or equivalent required at Waterloo office as Chief Accountant for light engineering quoted company in post-turnround situation. Must have clear record of success, top management potential, earned more than £8,500 per annum and be immediately available.

Six months' assignment, with possibility of permanency.

Apply:
BURNFIELD ASSOCIATED LIMITED
2nd Floor, Mercury House
117 Waterloo Road, London SE1

ATCOST®

Financial Controller
£9,000+car

This is an attractive opportunity for a young, commercially minded Accountant to make a very real contribution to the development of a well-known and successful enterprise. Atcost both manufacture and construct a range of standard and one-off buildings based on concrete and steel frames. The Group has four factories, employs 650 people and current turnover is approaching £15M. Control of the company has recently been acquired by the executive directors who have ambitious plans for the further development of the Group.

The Financial Controller will be responsible for the total financial function — from forecasts, budgets, institutional contacts, and cash management to board reporting, financial control and the operation of an advanced management services/D.P. installation.

The ideal person will be aged 28-40, a qualified A.C.M.A. (as a minimum), with first-class experience of both financial and management accounting using computer techniques over a wide range of business problems. He/she will have a positive outgoing personality and enjoy the commercial pressures of developing a business.

The initial remuneration will be a package of salary plus bonus amounting to £9,000 plus a company car. It is envisaged that a board appointment will follow in due course and at that stage there will be an opportunity to acquire a significant shareholding.

Location: Tunbridge Wells.

Please contact as soon as possible:

Philip Plumbley

Plumbley/Endicott & Associates Limited,
Management Selection Consultants,
Premier House, 150 Southampton Row,
London, WC1B 5AL. Tel: 01-278 3117

Vice-President Finance
New York c.$32,500

A major British Group with diversified interests, wishes to appoint an ambitious young Accountant to manage and co-ordinate the accounting function and provide a financial control service at its New York office. A particular responsibility will be to supervise the accounting aspects of a computerised order processing system which is shortly to be introduced.

Applicants should be aged 30-35 and be qualified Chartered or Certified Accountants. Sound professional experience is essential and this should include computerised systems, management accounting with 'B' control cash forecasting, and man management.

A three year contract will be offered with a salary around $32,500 per annum and an attractive benefits package. The position will offer excellent future career prospects within the Group, either overseas or in the U.K.

Write with full details of experience to Position Number AGV 6874 Austin Knight Limited, London W1A 1DS.

Applications are forwarded to the client concerned, therefore companies in which you are not interested should be listed in a covering letter to the Position Number Supervisor.

AK ADVERTISING

Portfolio Manager

Cornhill Insurance is a medium sized composite company with a 1977 premium income of £84m. and present funds under management of around £130m. The company is a member of the broadly based Thomas Tilling Group.

The Investment Department wishes to recruit a Portfolio Manager to join its small team reporting directly to the Investment Fund Manager. Funds under management are growing substantially and the position offers excellent career prospects.

Whilst the main responsibility will be for the company's U.K. fixed interest securities, applicants should either have, or wish to gain experience of other markets. Knowledge of Investment Trusts would be especially welcome.

Candidates should have five years' investment experience. A degree or equivalent professional qualification is desirable but not essential.

A competitive salary will be offered and fringe benefits include low cost mortgage facilities and a company car.

Applications in writing giving details of age, qualifications, experience and current salary should be addressed to:
Mrs. J. Rubin, Personnel Manager, Cornhill Insurance Co. Ltd.,
32 Cornhill, London EC3V 3LJ.

Cornhill Insurance Group

COMMODITIES

A CAREER IN CORPORATE BANKING

Marketing Officer-Commodities

We are seeking a Banker to join our well-established Commodity Finance Group within the Corporate Bank based in London.

Ideally you should have credit appraisal experience and well developed marketing skills, possibly gained in another bank or similar financial organisation. An accounting or business degree background would be an advantage. Most importantly, you should be strongly self-motivated, willing to use initiative and rapid in learning new techniques. For this particular post the ideal candidate will have a working knowledge of the London Commodity Markets. We are also looking for mature judgement and the ability to deal effectively with people.

This is a senior post and we are offering an appropriate salary and benefits which will be negotiable. Career prospects are excellent, and there will be scope to advance into a broader management role in due course. The likely age range of applicants, male or female, is expected to be 24-40.

Please write in the first instance, giving full details of your career to date to: Terry Jones, Assistant Vice President, Chemical Bank, Chemical Bank House, 180 Strand, London WC2.

CHEMICAL BANK

Controller Audit Services
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The objective is to establish, develop and run a small central audit department in a prominent and complex organisation.

All aspects of review are involved — operational, financial and management — initially with the emphasis on the controls and security of dispersed and sophisticated computer systems.

The audit function will have reporting freedom to the highest authorities.

A Chartered Accountant, aged between 30 and 40, is sought who has experience of auditing computer based systems.

Applications, which will be treated in strict confidence, should contain relevant details of career and salary progression, age, education and qualifications.

Please write to A.C. Crompton quoting reference 719/FT on both envelope and letter.

Deloitte Haskins+Sells
Management Consultants
128 Queen Victoria Street, London EC4P 4JX

Managing Director
Insurance Broking

A well known and successful firm of Lloyd's Brokers is seeking a Managing Director to consolidate and expand the company's business.

The person appointed should be between 35 and 45, have a strong marketing flair, the ability to enthuse and motivate staff and an excellent understanding of modern business administration.

Candidates are likely to have been in insurance broking for most of their career, preferably in not more than three companies, with considerable experience of general insurance. A knowledge of broking operations in Europe or North America would also be an asset. They are now probably a director of a leading firm of brokers with the ambition to manage their own company.

The negotiable remuneration will be commensurate with the applicant's experience and sufficiently attractive to motivate such a person, including excellent fringe benefits and the opportunity for further advancement in the main group.

Replies in confidence, quoting reference MD10, to:—
David Sheppard

DAVID SHEPPARD & PARTNERS LTD.
Management Consultants
21 Cleveland Place
St James's, London SW1Y 6RL

Merchant Bank

Senior Credit Analyst

Hill Samuel & Co. Limited are seeking the early appointment of a Senior Credit Analyst to join a small team with responsibility for specific geographical areas.

Applications are invited from candidates, preferably graduates in their mid 20's, with relevant experience in a Clearing Bank, Accepting House or major American Bank. Our requirement is for a resourceful banker capable of being fully involved in all aspects of business of the Bank's existing borrowing customers. He (or she) will be expected to make an all round contribution to the discussions leading to the Bank's lending decisions. We are unlikely to appoint an analyst not having the demonstrable ability and potential to aspire to the levels of more senior Lending Management positions.

Salary will be negotiable depending on experience and qualifications.

Excellent company benefits include a non-contributory pension scheme and free life assurance, subsidised luncheon and house purchase scheme.

Candidates should apply in writing with brief details of their personal history, qualifications and experience to:—
P. G. S. Coulson,
Hill Samuel & Co. Limited,
100 Wood Street,
London EC2P 2AJ.

HS

HAWKER SIDDELEY
POWER TRANSFORMERS LTD

CHIEF ACCOUNTANT

Hawker Siddeley Power Transformers Limited, London E.17, is a leading manufacturer of power transformers in the United Kingdom. A senior vacancy has arisen for a qualified Chartered Accountant or equivalent with at least five years' commercial or industrial experience.

The person appointed will report to the Finance Director and will take responsibility for the preparation of monthly and annual financial accounts, the day-to-day control of the financial and cost accounting function and have the ability to direct and motivate staff under his/her control.

The salary offered and conditions of employment are commensurate with the responsibility of this post in a progressive and well-established company.

Please apply in writing, giving full career details to:
Mr. H. Myles, Personnel Manager,
Hawker Siddeley Power Transformers Ltd.,
Fulbourne Road, Walthamstow,
LONDON E17 4EF

Group Economist

John Laing seeks a Group Economist for the Corporate Planning Department. This is a challenging post requiring the ability to make a real contribution to the further development of the Group and advise top management on the implication of economic changes. The successful applicant will be a member of a small team involved in economic appraisal, policy planning, project evaluation and market research and may also become involved in consulting projects abroad.

The activities of the Group cover all types of construction and the manufacture of building products both in the UK and abroad.

We are looking for someone probably late 20's or early 30's with a good degree in economics. The applicant should have some years' practical experience, be articulate and presentable and have the confidence and capacity to co-operate successfully with senior operational management.

Competence in report writing for businessmen is essential. We are looking for someone prepared to become involved in a wide range of tasks and exercise imagination rather than produce mechanistic market forecasts.

This appointment carries an attractive salary plus conditions of service that characterise a leading and forward thinking company in the construction industry.

Please apply with brief details to:
M. Fowler,
Personnel Manager,
Group Personnel Services,
John Laing and Son Limited,
Page Street, Mill Hill,
London, NW7 2ER.

LAING

Precious Metals Analyst

is required by a commission house which is expanding its research department. Applicants probably in their late 20's should have an economics degree and experience in gold and silver. Salary is negotiable, up to £8,000, but could exceed this for someone outstanding.

Eurobond Research

An international investment bank wish to recruit a recently qualified economics or maths graduate, with drive and imagination, to develop research into the Eurobond Market. Salary: c£5,000 but more for someone outstanding.

All enquiries are treated in the strictest confidence.

Telephone or write to Stephen Sherbourne, J. Farquharson Ltd., 7, Gresham Street, London, E.C.2. Telephone: 01-247 1388.

JFL RECRUITMENT CONSULTANTS

Group Accounting

Central London **Salary to £7,500 + bonus**

BICC is the largest organisation in the world with complete facilities for research, manufacture and contracting in the transmission of electric energy for power and telecommunications. It also has significant world-wide interests in civil, mechanical and electrical engineering.

Following a reorganisation of the Group Head Office Finance Function, a qualified accountant is required to join a section of the Chief Accountant's Department which is primarily responsible for the organisation, operation and improvement of the group consolidation, preparation of group published accounts and for monitoring and advising group companies on such matters as compliance with Accounting Standards.

Suitable candidates will be qualified accountants with experience of the consolidation of accounts for an international group of companies.

Conditions of service are consistent with those of a major international group and include performance related bonus additional to basic salary and 24 days holiday. Assistance with re-location expenses is available.

Applicants are invited to write giving brief details of age, qualifications and experience to:—
Mr. C. Garnett,
Personnel Manager,
BICC Ltd.,
21 Bloomsbury Street,
London WC1B 3QN.

BICC

ASSISTANT TREASURER

A substantial and progressive City based Group, (ship broking, ship owning and insurance broking), requires an Assistant Treasurer, experienced in handling large cash movements and dealing with British and foreign banks. Age is flexible but an understanding of banking and foreign exchange procedures and regulations is essential. Salary is negotiable around £6,000. Usual large company benefits apply.

Applications in confidence, quoting reference 6259 to:
D. G. Muggeridge,
MERVYN HUGHES GROUP,
2/3 Cursitor Street, London EC4 1NE.
Tel: 01-404 5801

Oil Concession Negotiator

We have a position for a person with oil industry knowledge and Portuguese or Spanish language skills to live in West African country for 2 to 3 years. Duties emphasize negotiating oil and gas concessions. We will provide some training. Salary commensurate with experience. Several trips per year from Africa base to Europe and U.S.A.

Send résumé to
ARGOSY CORP., P.O. BOX 14440,
OKLAHOMA CITY, OKLAHOMA 73114, U.S.A.

ECONOMICS CORRESPONDENT

The Investors Chronicle, Britain's leading financial weekly, is looking for a young journalist to write on economic and political topics.

Command of economic theory is essential. Practical experience would also be an advantage, particularly in government or trade union research, or in finance or industry. Ability to write clearly and simply is more important than formal journalistic experience.

Apply to the editor, Investors Chronicle, Greystoke Place, Fetter Lane, London, EC4A 1ND.

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140 Grand Buildings, Trafalgar Square, London WC2.
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Investment Management

A leading investment management firm in Edinburgh has an outstanding opportunity in its Far East department for someone with initiative and ability.

The ideal candidate will be a graduate and/or accountant with about two years' experience in the securities industry and may or may not have had previous experience of the Far East.

The successful applicant will receive an attractive remuneration of salary and profit-sharing bonus depending on qualifications and ability.

Apply to James Laurenson
IVORY & SIME LTD.
1 Charlotte Square, Edinburgh EH2 4DZ
Telephone: 031-225 1357

APPOINTMENTS WANTED

FINANCIAL MANAGER
GENEVA BASED
CHARTERED ACCOUNTANT
with 12 years experience throughout Europe, available on part-time basis to participate in management of Continental subsidiaries of UK companies.
Write Box A.6413, Financial Times, 10, Cannon Street, EC4P 4BY.

A MAJOR public quoted company is looking for two top calibre persons to join them. Must have a successful background. Since joining this industry via a similar advertisement in 1975, I have earned in excess of £2,500 per month. Could you be that same person looking for a similar opportunity? If so, and you are in the London area and aged between 25-45, please write Box A.6414, Financial Times, 10, Cannon Street, EC4P 4BY.

ANNOUNCEMENTS

MR. JOHN CHIVERTON, formerly with David White Associates Ltd., has now formed his own company, JOHN CHIVERTON ASSOCIATES LTD., a personnel and recruitment consultancy to specialise in the Banking and City professions.

Accountancy/Bookkeeping
Salaries £2,000–£8,000+
Just ring, write or call for one of our
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[illegible]
Tel: 01-638 3833 [illegible]

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● COMPUTERS

Speeds the ordering

FIRST "fool-proof" push-button ordering system for the retail *pharmacist in Britain will* shortly be introduced by UniChem, the pharmaceutical wholesale organisation.

Code-named "Prosper," the service is based on a small terminal—the size of a pocket calculator—which can be linked *through the telephone to* UniChem's main computer located at its Morden, Surrey, head office.

"The small hand terminal will eventually be the accepted method by which most independent pharmacists will order their *daily stock* requirements, the developers say, taking the place of the old-fashioned pencil-pad-and-lengthy-telephone" sessions.

The pharmacist or his assistant would need simply to walk around the shop fixtures and tap into the terminal specific product code numbers of the items they wish to order, together with the required quantity. When the order is ready to be transmitted the small terminal unit is switched into UniChem's head office computer by simply placing it on a cradle unit, plugging in, *and dialling a* specially allocated telephone number.

A 200-line order would take less than two minutes to transmit and complete. Orders can be transmitted whenever convenient to the retailer—in or out of shop hours, as desired.

Apart from cutting telephone bills and reducing paperwork, the system will increase stock turn.

As part of its two-year development period UniChem—which is an £80m a year group—set up a network of trials to test the *system* under stringent day-to-day conditions. The results have justified the company's heavy *financial investment in the new* system, and proved conclusively that the system matches up with the advantage claimed *for it*, the developers assert.

UniChem is using Unilever Micro Systems terminals, of which it has bought several hundred.

UniChem operates from Crown House, Morden, Surrey.

Micro in a racing car

SCICON is to install a microcomputer on board the Arrows racing team's Formula One car; the first time a computer is to be used on a racing car to monitor performance and make information immediately available in the pits.

Until now, racing teams have had to rely on the experience of their drivers to tell them how the car is performing on a particular circuit. The Scicon unit will be able to monitor all of the essential parts of the car and present instant information *in such a way that the designer* can make adjustments to the car during practice and thus improve its performance.

The task of making a computer work on board a racing car is not an easy one. The difficulties are caused by extremes of acceleration, vibration, temperature and electrical interference, and severe limitations on space *and* weight.

Monitoring applies to suspension displacements on each *wheel*, forward and *braking* accelerations, lateral accelerations on cornering, road speed, measurement of time, and chassis roll relative to the horizontal.

These points will be observed during the practice laps before *a grand prix. When the car is* brought into the pits, the microcomputer will be connected on the spot to a printer, and a detailed breakdown of the car's performance over the last few laps will be produced on the spot. From this information, pit *staff should* be able accurately to determine what adjustments needs to be made to the car *to improve its performance on* the particular circuit.

Scientific Control Systems (Scicon), Sandevson House, 49 Berners Street, London W1P 4AQ. 01-580 5599.

Data is easily derived

WHESSMATIC 60, for measuring and displaying the average temperature of liquid products flowing through pipelines, is being marketed by Whessoe Systems and Controls.

Average temperature of liquid products is an important part of the data required for stock inventory requirements at oil storage depots, terminals and refineries. Often the method deployed in obtaining this information is cumbersome and inaccurate as readings are usually taken manually, logged individually *and later averaged. Temperature* compensated flow meters, on the other hand, will correct volume throughput against temperature, but the information may be lost as there is no provision for recording the data.

The Whessoe unit provides a simple method of obtaining an *accurate and permanent record of* average temperature and the information can be fed directly to a computer, if desired. It has a temperature transducer, flow input pulser and processor display unit.

Accurate to ± 0.1 degrees C it employs the use of CMOS logic components mounted on printed circuit boards and is passed *intrinsically safe* by BASEEFA.

Whessoe, 40, Broadway, London SW1H 0BR. 01-930 3201.

Controls a printer

PUT ON the market by Intel is the 8295, a dedicated microprocessor chip able to control printers such as the LRC 7000. It *provides all the necessary control* signals for the printer and accepts inputs from serial (110 to 4800 baud) or parallel lines.

A buffer on the chip can hold 40 characters, and when it is full printing commences, as will also happen when a carriage return signal is received. The full 64 character subset of ASCII is accomodated in a 7 x 7 dot matrix.

The microcircuit responds to *a number of control codes to* allow up to three horizontal tabs to be set, multiple line feeds to be executed, 10 or 12 characters/inch to be selected, double width characters to be produced and the paper to be advanced.

Used in a microprocessor *system, the new circuit allows* characters to be printed straight from main memory.

More from the company at 4 Between Towns Road, Cowley, Oxford (0865 771431).

GEC support Intel

WHATEVER THE outcome of the reported negotiations between GEC of Britain and the Fairchild Corporation, GEC Semiconductors is collaborating more closely than ever with Intel—makers of the original microprocessor—and has just announced its support for the latest product from that stables, the Intel 8086.

This is a micro with power to process instructions equivalent to that of many minicomputers, but able to use instruction sets already written for less powerful micros from the Intel range.

GEC, though one of several distributors, is doing much more than one would normally expect from a company in such a role and is producing a Coral 66 compiler for the new machine.

This means that it is opening up a large potential in the UK defence market and in other areas where the Government's support of the Coral real-time language carries weight.

GEC Semiconductors, East Lane, Wembley, Middx. HA9 7PP. 01-904 9303.

● LIGHTING

Fluorescent tube gets a quick start

PUT ON the market by Thorn *Lighting is a completely* electronic starting device for 5 ft 65-watt fluorescent tubes which strikes the tube in about half a second instead of nearly two seconds for other starters.

Called Vivatron 5, the unit is a direct *replacement for standard* two-pin, glow-starter switches in existing 65-watt fittings. The company is aiming at a UK market of about 34m existing 5 ft switch-start fittings.

The unit strikes every time, says the company, and with a design life of 10 years will last *the life of the choke. It will* also extend tube life, claims Thorn, by reducing the period of starting and so conserving the emitter.

A further advantage of the device is that it cannot make repeated attempts to light a *faulty lamp. If, after the mains* has been switched on and off for a second time the lamp still does not strike, it is in need of replacement.

More from Thorn House, Upper St. Martin's Lane, London WC2H 9ED (01-836 2444).

● HANDLING

Floating grain elevators

NOW BEING built by Promet Shipbuilders Pte of Singapore to Lloyd's Register class are two floating grain handling units which are destined for service at Koh Sichang Island, Thailand. They are based on two flat-bottomed pontoons 72 metres *long* and 18 *metres* wide with a draught of 2.5 metres.

Each pontoon will be fitted with a deckhouse, two 36 metres high grain elevator structures with conveying equipment and four pedestal cranes.

The Advisory and Projects Section of the Hull Structures Department of Lloyd's Register *says it has appraised the two* elevator towers on each pontoon in respect of normal operational, stowed and towage conditions. In essence, the transhipment stations are approved for operating in weather conditions up to Beaufort Scale 7, together *with a wind speed of 45 mph.* The "as stowed" condition is approved for Beaufort Scale 12 *conditions, together with a wind* speed of 140 mph, subject to all the grain conveying equipment being empty and secured.

The units will be used to unload tapioca grain from barges and load it into bulk carriers.

● CLEANSING

Washes the laboratory glassware

A SIMPLE to load and operate laboratory glassware and instrument washer is just available from Arnold R. Horwell, 2, Grangeway, Kilburn High Road, London NW6 2BP (01-328 1551).

A compact bench top or plinth mounting machine, it accommodates "open" glassware and instruments which may be loaded in simple baskets, while *narrower-neck vessels, flasks,* bottles, etc., are supported upright on racks with spigots.

A pump and a patented spray and turntable system (the Jet system) is said to ensure that water is projected with *high* velocity on to surfaces to be cleaned. This action, combined with fresh—not recycled—water, rinses, adjustable wash temperature, the provision of up to two distilled water rinses, and a built-in drier, is claimed to provide efficient cleaning at a competitive price.

Either push button or punched card programme selection is available for the F570 Newamatic.

● PROCESSING

Prototype processor

TWIN processor "1210" from Circuitape of Aylesbury will provide an economic method of prototype printed circuit board production. Two heated tanks, one with air agitation, will accept boards up to 12 by 10 in (304 mm by 254 mm) and will usually be *used to develop* and etch positive resist-coated boards, leaving the photoresist on the conductor *areas to act as a final protection.*

The unit may be used for a variety of other processes such as chemical clean, immersion strip, etc. Three easily changed thermostats are supplied.

The processing tanks, constructed of 9.5 mm polypropylene, each have a solution capacity of 4.5 litres. Each tank is fitted with a 500 watt titanium-sheathed *heater controlled* by a *contact* thermostat mounted externally on the tank wall. Silicon-*sheathed heaters can be supplied* if required.

Circuitape, 33, New Street, Aylesbury, Bucks. 0296 84511.

Fast and continuous mixing

HIGH SPEED mixing equipment *by Morton Machine*, the *32/70*, is claimed to be the first unit in the UK to incorporate a balanced pendulum-type action to give smooth performance. This has been achieved by adopting a design principle using a low centre of gravity which, in *addition to greater stability,* facilitates loading.

The new machine has a capacity of 37kg combining flexibility with precision mixing to precise requirements, thus ensuring high quality and consistency of dough and other ingredients. *In addition to a* second timer, it is equipped with a watt/hour meter which calcu*lates the work input into the* mixture, giving a more accurate reading than is normally possible. This is particularly advantageous when the machine is in use for long periods.

The unit uses the company's recently-introduced stainless *steel mixing bowl, which is* removable so that processing can be made virtually continuous.

Further details from Morton Machine Company, Atlantic Works, Wishaw, Lanarkshire ML2 0AD. 06983 73201.

Heat loss reduced

USE OF the recently introduced Bonderite 1140 *low temperature* iron phosphate process by Twinlock, the filing cabinet manufacturer *will, according to the* supplier Pyrene Chemical Services produce a net annual saving between £2,500 and £3,000 in Twinlock's metal pre-treatment plant.

Most of this *saving is due to* the reduction of heat loss, not only in the spray itself but also from the baths which operate at only 25 to 30 deg C, well below conventional iron phosphating temperatures. To ensure adequate activity of the chemicals the cleaner/coater solution has been formulated to perform well at the lower temperatures.

To keep solutions at strength a single liquid addition is all that is required, controlled accurately by Pyrene's Autobond CC, a relatively inexpensive automatic dosing unit.

More from the company at Ridgeway, Iver, Bucks SL0 9JJ *(0753 651812).*

● MATERIALS

Cuts cost of floors

AN AGREEMENT *between* T. I. Metsec and Rowcroft Hambro Floor Systems, Manchester gives *the former company a licence* to produce a North American flooring system which, it is claimed, will cut the cost of suspended floors by £3 per square metre as well as saving steel joist imports.

Construction of the special lattice joists at the TI company's Broadwell works in the West Midlands begins with the standard Metsec bottom chord and, by slightly changing the geometry of the web from the previous pattern, it can now be bent *on* Metsec's bar bending machine.

The top chord is specially shaped and end shoes have been adapted to form a tie into concrete slabbing with the result that the forming with the top flange of a composite T-beam with vastly improved strength gives three times greater stiffness.

More from TI Metsec, Oldbury, Warley, West Midlands B69 4HE (021 552 1541).

● METALWORKING

Shaping of sheet

FERELIGH, Essex, sheet metal *subcontractor, is to add three* of the latest Trumpf 180W numerically controlled machines to its existing range of plant, believed to be Europe's most advanced for the profiling of cut and punched blank components.

Worth £350,000, the order is in the first stage of the company's £2m development programme, which involves the setting up of *10 regional computerised* sheet metal component centres—each one computer-controlled from the company's Shoeburyness headquarters with the aim to control load factors.

This addition brings Fereligh's numerically controlled plant investment to a total of £700,000.

The new machines can handle sheet material up to 2½ metres × 1¼ *metres* × 6mm *thick, and* a faster throughput can be obtained.

Fereligh, 12 Towerfield Road, Shoeburyness. 03708 5022.

● PACKAGING

Seals the lids

DEVELOPED by the packaging systems group of 3M UK is a machine that will seal the lids of detachable-lid tins almost regardless of the shape and without rotating them.

Available with single or double head (T9 or T10) the machine makes use of two rolls of tape to speed operations: tape is drawn off and accurately aligned in the path of an incoming tin, adhering on the lid-seal line. It *is then carried round the back of* the tin, cut and buffed on. Since the tin does not rotate, good *alignment is maintained.*

Accuracy of the tape line allows minimum tape widths to *be used and since large rolls can* be accommodated, long runs can be carried out between tape changes. An audible run-out warning can be included.

Normal size range acceptable is up to nine inches square, or in diameter, and six inches high, although these dimensions can be extended with simple modifications.

The T9 will handle up to 25 tins/min, the T10 up to 40 and the tins can be fed from and *returned to a conveyor* automatically.

More from PO Box 1, Bracknell, *Berks.* (0344 26726).

● ELECTRONICS

Digits set the gain

MAKING USE of hybrid microcircuit technology and laser trimming, Burr-Brown has produced a complete high performance instrumentation amplifier *which can be controlled in gain* by a four bit digital input.

Known as the 3606 the unit can be pre-set to any of 11 binary weighted gains from one to 1024 volts/volt, and is well suited for applications involving the acquisition of analogue *information* under digital control.

The 3606 allows wide dynamic range analogue signals to be handled while maintaining a high system resolution. For ex*ample*, when used with a ten bit A to D converter in a floating point system the 1024 gain range *of the unit together with the* same range of the converted produces a total resolution of over 1m.

Offering an input impedance of 10,000 megohms, the amplifier also has very good gain non-linearity (0.01 per cent at maximum gain), high common mode rejection and low gain error.

More from 17 Exchange Road, Watford WD1 7EB, Herts (0923 33837).

IN BRIEF

- A triac-based control circuit complete with touch switch, the U112BA, made by AEG Telefunken is available from Norbain, Arkwright Road, Reading, Berkshire (0734 864411).
- Intel, 4 Between Towns Road, Cowley, Oxford (0865 771431) has announced its top-of-the-range single chip processor has been upgraded to run at 11 MHz instead of 6 MHz.
- Powercube OLS 10 is a 175 watt multiple output switching power supply for microprocessor systems, available from Walmore Semiconductors, 11 Betterton Street, London WC2 (01-836 1228).

The Marketing Scene

EDITED BY MICHAEL THOMPSON-NOEL

Wimpy finds its second wind

BY ANTONY THORNCROFT

THE QUICKEST way to the U.S. of A is by underground to Notting Hill Gate where Wimpy has opened the first of its new-style fast food outlets. Instead of the rather faded, jaded look of many Wimpy bars, Notting Hill is all bustle and glamour. The staff, in cheerful red uniforms, prepare your order before your very eyes and you can either take your container outside to eat or slide into one of the newly designed and spaciously sited seats. There are hanging plants, split levels, and a picture window, a look created by the leading retail designers, Fitch and Co., and any similarity to arch rivals McDonalds, the U.S. hamburger chain which has enlivened the UK fast food market in the last two years, is entirely blatant.

Wimpy combed the world for new ideas and collected many of the best from the U.S. The most important are probably the new machines which provide a fresh method of production, broiling instead of on the griddle, to ensure a more consistent burger. But for the customer the greatest changes are on the surface—the choice of whether to eat in or out, the hostess to cope with family groups and to find spaces, the view at the counter where you can see the kitchen at work, and the price of the meal. The reforms are geared to greater turnover and thus the hamburger is cheaper.

In the past 24 years over 600 Wimpys have sprung up all over the UK and as many again overseas but Notting Hill is easily the most important. For the whole future development of the company is built around its anticipated success. Just over a year ago Wimpy International, a subsidiary of Lyons and the pioneer in fast food franchising, was sold to United Biscuits for £7m. At first glance the price was a bargain since Wimpy was producing profits of £1.5m a year. But in the previous three years volume sales of Wimpys had fallen by 25 per cent and the arrival of McDonalds was not making prospects any brighter.

Ashley Ashwood

Ian Petrie of Wimpy International: he wants Wimpy back in the High Street where the action is.

United Biscuits' involvement was not a complete departure for the company. Its D. S. Crawford subsidiary had held the franchise of 20 Wimpy bars in Scotland for 15 years. Ian Petrie, managing director of Crawfords, moved over to take control of Wimpy International and for the last 12 months it has been all change. Everything has been under scrutiny, down to the very fundamentals of franchising, the system whereby Wimpy International co-operates with energetic entrepreneurs, helping them to find sites for new Wimpys, assisting them with loans, and then deriving its profit by supplying them with the basic product, the burger in all its forms, as well as ice cream and other lines.

Wimpy International actually owns the Notting Hill Gate bar and expects to operate directly more outlets in a variety of locations. But the franchising principle remains: the company-managed bars are to be the flagships, demonstrating to Wimpy franchisees that the new approach means bigger profits.

But innovation has its price. In the past it cost little more than £30,000 to establish a Wimpy bar, and of that investment the equipment could be acquired for around £6,000. The Wimpy bars of the future will involve an outlay of £150,000, of which £75,000 will go on new machinery. But the other side of the coin is even more impressive: a good Wimpy bar today has an annual turnover of £150,000. Petrie expects the rearranged Wimpy to approach £500,000 in sales.

But he realises this will be impossible on most of the current sites. As part of the executive re-organisation at Wimpy International, Petrie has appointed a company outlets manager who is looking at the current spread of Wimpy and working towards a new pattern. At the moment the company is concentrated in the south of England and many of the sites have been bypassed by changes in urban development. Petrie wants Wimpy to be back in the High Street where the action is.

There are far reaching implications to this approach. Some Wimpys could well disappear unless they are in particularly profitable sites. The concentration on High Street localities will involve a much greater investment from the franchisees which could mean more companies, or wealthier individuals, taking on sites at the expense of the smaller entrepreneur.

Wimpy International realises it must lead its franchisees into these changes and has been energetic in keeping them informed and excited. It has also budgeted £750,000 a year in cash and cheap loans for franchisees to show that it is determined to invest with them in a more profitable future. There will be Wimpy International-owned bars on chosen, representative, sites, but the hope is that the new management will so stimulate the franchisees, many of whom are living off past successes, that they will enjoy a fresh lease of activity.

Wimpy International has to take its franchisees with it in the reforms but obviously wants to improve its own profits along with those of the franchisees. At the moment it makes around 9 per cent against the 15 per cent plus returns earned on average by the operators of the Wimpy bars. The aim is to link its own profit more directly to its work for the franchisees.

For example, in the last year or so there has been a substantial increase in the advertising budget—to over £500,000 from £80,000—and this has probably contributed to the 10 per cent rise in sales this year as against 1977. Wimpy International wants to raise the advertising budget to 3 per cent of revenue, and to collect the cash directly from the franchisees. In other words, instead of a flat 9 per cent income it is looking for a fixed return for services provided, be they administrative, training, or advertising. At the same time the charge for the hamburgers and other products would be reduced.

Ian Petrie, and Wimpy International, believe that the potential in fast food catering in this country has hardly been tapped. They want to ensure that Wimpy becomes the Marks and Spencer of the business. Some of the reforms will make the Wimpy bar similar to McDonalds, especially the flexibility in eating, but this does not worry Petrie He believes that Wimpy, the British pioneer, will by 1980 once again be the leader. The very success of the early Wimpys created complacency, but that has now vanished.

Petrie predicts that Wimpy, with its new organisation, higher advertising budget, better future sites and more committed and larger franchisees, can double its sales. His brief was to have Wimpy International profitable in a competitive situation by 1980. The next few weeks should show whether the new approach is the right approach.

The rise and rise of Ski

BY MICHAEL THOMPSON-NOEL

TATE AND LYLE sugar and Anchor butter and Heinz Baked Beans and Soups you could have guessed. But if you knew that Eden Vale's Ski Real Fruit Yogurt was one of the UK's top ten grocery volume lines on the basis of units through the till then you have indeed earned a year's subscription to *The Grocer*.

In the late 1920s Express Dairies—which owns Eden Vale, turns over more than £350m a year and is itself part of Grand Met — was advertising plain "yoghourt" as a natural laxative as well as a food and selling it in 3d bottles and ten-ounce cartons at 1/6d.

Nothing much happened to yogurt until the early 1960s, but then Eden Vale capitalised on the original Swiss recipe which called for the addition of real fruit, launched its Ski brand and proceeded to re-write the market. Currently, Ski claims a 44 per cent share of real fruit yogurt sales in a sector which has grown from 30m pots worth around £1.5m in 1965 to a 1978 projection of nearly 500m pots worth an expected £52m, and that's a lot of yogurt.

Ski's case history is a classic marketing success; it is also a perfect illustration of the sort of work — highly conscientious, aggressively sales-oriented—that has taken the agency involved, D'Arcy-MacManus and Masius, to the No. 1 slot in the billings list, or at anyrate an approximate tie with J. Walter Thompson.

Ski has been the brand leader ever since its launch in 1963, retaining its grip despite fierce competition from Unigate's Prize brand, which has built itself to around 25 per cent, and despite repeated though unsuccessful attempts by companies like Unilever to muscle in—the other 30 per cent or so of sales, ex-Ski and Prize, is held by own label and minority brands.

"To have stayed No. 1 since entering the market is no mean performance," says the company with composure, "and has been achieved through a deliberate policy of innovation and market development strongly linked to an advertising and promotional strategy which has provided the stimulus for both market and brand growth."

That is true. The British really are into yogurt. The product has a claimed household penetration of 45 per cent. Total per capita consumption is around 60 ounces a year—per yogurt household the figure moves to something like 20 lbs. Average volume growth has been around 5 to 10 per cent since 1967, despite the tribulations in other grocery sectors, and there are no signs of levelling off. According to Eden Vale, no market in the world has yet achieved yogurt saturation. Even in France, where they eat five or six times as much of it as we, per capita consumption is still rising.

On the other hand, yogurt is a very tough market to penetrate. According to Eden Vale's Christopher Nelson, yogurt has proved a "fair old graveyard both for companies and brands," partly because manufacturers' margins are pencil thin, partly because retailers don't really need to offer more than two brands and partly because extremely efficient distribution is a must. For reasons like these, a market share of at least 15 to 20 per cent is regarded as necessary if anyone is to make a go of yogurt, and you do not buy 20 per cent of a £52m market on the cheap.

Eden Vale says numerous factors contributed to the success of Ski. It was first in with the right product with the right name. It says it has always refused to lower standards of production — other yogurt markets, such as the Australian, are said to have prospered at a slower rate because of slacker attention to quality. And it reckons Masius's positioning of the brand ("natural," "fresh," "the full of fitness food for all the family") was perfectly on target from the start.

Heavy expenditure on TV advertising for Ski is reckoned one of the prime factors responsible for the enormous volume growth of the whole real fruit yogurt market — since 1970, market volume has increased by 139 per cent from 209m pots to approaching 500m pots despite a corresponding rise of 300 per cent in price.

This year, Eden Vale is increasing its TV budget quite considerably (the campaign started this week). It is raising the spend from last years £450,000 to £750,000 — partly because there are no big newcomers that have to be dealt with and partly because volume growth is doing so well. "We decided the time was right for a substantial degree of long-term investment in the brand," says Mr. Nelson.

Eden Vale says its heavy TV support has been complemented by a careful balance of price promotion, free mail-ins and premium offers—the latter offering well-researched value for money. The recent offer of a £2.50 Ski apron for 99p generated 1,000 letters a day and the company expects a final redemption of around 2 per cent.

The company also claims a good track record in product innovation, including new pack sizes (Ski was the first to recognise "family" needs by introducing pre-metric 12- and 19-ounce packs followed by the 450g economy pack). Currently, 11 flavours are sold in the 150g size, including the newest success, Rhubarb Ski if you please, which is in fact quite nice and has taken a claimed 6 per cent of the market since its launch in January.

HOW REAL FRUIT YOGURT REACHED £50m.

Year	Volume pots m	+/− %	Value £m	+/− %	Ski advertising £	Market expenditure %
1967/68	108	—	7	—	175,100	50.5
1968/69	204	+89.0	10	+42.8	145,400	46.4
1969/70	206	+ 0.9	12	+20.0	423,400	80.0
1970/71	209	+ 1.4	14	+14.0	227,400	51.2
1971/72	304	+45.0	17	+21.0	251,000	58.1
1972/73	405	+33.0	23	+35.0	268,000	49.0
1973/74	400	− 1.2	24	+ 4.3	321,500	52.7
1974/75	430	+ 7.5	32	+33.0	393,700	49.2
1975/76	415	− 3.4	40	+25.0	383,600	46.0
1976/77	430	+ 3.6	45	+12.5	451,800	60.2
1977/78*	485	+12.8	52	+15.5	750,000	—

* Estimate.

AGB gets Index link

BY ANTONY THORNCROFT

AFTER MORE than 12 months of research and an investment of £600,000, AGB, the largest market research company in the UK, is set to launch its latest project—Index, which probes into how least on every purchase in excess of £3.

In September, Index goes national, with 17 clients already committed to spending £6,000 minimum for each report, and another four likely to sign up shortly. For their investment they receive information, monthly or each quarter, from one of the largest continuous panels ever assembled in research: 11,500 individuals will be recording all their expenditures over £3. Originally AGB thought that Index would be most useful to the financial sector—banks, building societies and insurance companies—but retailers and the travel trade are just as interested in discovering what sectors of the community have the cash and how they spend it.

The information could well change companies' attitudes to the old marketing class categories, such as ABC1's, and help them to segment potential customers much more accurately. Patterns will emerge tracing connections between heavy users of credit cards and, say, takers of holidays overseas. Profiles of users of particular financial services and retail chains will be discernible.

Already Access and Barclaycard, Trustees Savings Bank and Nationwide Building Society have signed up. Within a couple of years AGB expects a revenue of £1m-plus a year from Index.

● Scottish and Newcastle Breweries has appointed Doyle Dane Bernbach to handle Newcastle Brown Ale and Newcastle Exhibition bitter. In March the agency was given Younger's Scotch Bitter and the latest move brings the agency's billing with S and NB to £850,000.

● Boase Massimi Pollitt Univas Partnership is to run campaigns for the Training Services Division of the Manpower Services Commission. The Central Office of Information appointment, worth about £1.5m in a year, came after presentations from Lintas (holder of the account since April, 1973), D'Arcy-MacManus and Masius and the new agency.

● For health reasons Rob Greene is being replaced as executive creative director of D'Arcy-MacManus and Masius by Richard Barker. Greene stays on the Board of the agency.

Move to marge

NOW THAT the taste of margarine has improved to the point where it is no longer the vital basis of advertising that it used to be, and now that butter subsidies are apparently being phased out, margarine can expect continued growth at the expense of butter, and at a faster rate, says Mintel, the market research company, in its latest report. It expects margarine to show a growth of rather more than 1 per cent per year from its current 46 per cent volume share of yellow fats.

At the same time the decline in total yellow fats may continue at the slightly lower rate of 0.5 per cent per annum, though the forecasts naturally depend on the EEC's ability to control excess butter production and on interference with market forces.

Best estimates of overall retail market size for in-home consumption, says Mintel, indicate a total yellow fats market last year of £490m—£322m for butter and £168m for margarine.

If the butter subsidy really does disappear, margarine will benefit because the price differential will increase and butter consumption will contract. Two other factors may help: first, there is a growing view that margarine is healthier than butter. Second, yellow fats' prices have increased faster than all foods and encouraged down-trading to margarine.

Mintel lists the top margarine brands as Van den Bergh's Stork and Stork SB (combined rsp last year: (£75m). (Kraft £26m), the Co-op's soft margarine (£26m) and Blue Band (£24m).

Van den Bergh is the easy market leader with 50 per cent of volume, says Mintel: "Much of Van den Bergh's market dominance must be related to the immensely strong consumer loyalty built up by years of consistent, if dull, advertising."

LOMBARD

The big success in Washington

BY JUREK MARTIN

BY COMMON consensus, Mr. Robert Strauss has been perhaps the biggest single success in Jimmy Carter's Washington. Fixer, organiser, flatterer, arm twister, special trade representative and chief inflation fighter, the Strauss hand has been omnipresent and remarkably effective—as his deflection of the worst American protectionist pressures has demonstrated.

He has, of course, always had his detractors, those who have complained that he is all style and no substance, has no power of conceptual thinking, and is far too close to certain vested interests for comfort according to the prevailing post-Watergate morality. But he has managed to overcome the doubters by his charm, his proven ability to delegate technical matters to able subordinates, and by his possession of a talent that is a scarce commodity in Washington these days—sheer political intelligence.

The blame

However, there is now a cloud, still no larger than the proverbial man's hand, which suggests that Robert Strauss may be in for a fall. There are two main reasons for this still muted opinion: the first is that if the Carter Administration fails to lick inflation with its voluntary approach then Strauss, the principal public architect of that policy, will be saddled with the blame: the second is that no matter what he manages to negotiate in Geneva by way of a multinational trade agreement Congress will turn it down next year.

Over the past couple of months, Strauss has fairly bombarded the country with announcements that this and that company or industry have agreed to hold the line on prices. Most of the achievements have been of symbolic rather than practical significance, but they have consciously sought to create an anti-inflationary climate of an infectious nature. To be sure, he has always carefully warned that the battle would be long and hard—or as he put it in more typical language recently, the score was still "inflation 100—Strauss nil"—but the thrust of his message is generally upbeat. Increasingly however the public debate is more on when, and not if, inflation will induce another U.S. recession, and when, not if, it will be necessary to have recourse to controls, guidelines or some other form of wage and price policies. Officially the administration adamantly rejects such arguments, but there are powerful voices in the Government (including Mr. G. William Miller at the Fed and Mr. Barry Bosworth at the Council of Wage and Price Stability) who no longer shy away from mention of the word "recession."

Budget axe

There is also visibly strengthening isolationist and protectionist sentiment. Over the past fortnight, both labour and management of the textile and steel industries have demanded that their activities be removed from the Tokyo Round trade negotiations, and dealt with separately, the former in spite of a recent cut in the level of imports, the latter in spite of much improved profitability. The international sugar agreement is being held up in the hope of providing extra income for American beet growers.

Consumed by a post-California tax-cutting and lower spending fervour, Congress seems intent on wielding the budget axe with a vengeance on items with the least domestic constituency—foreign aid, for example, and anything which is construed as unnecessarily helping overseas interests.

This has been accompanied by a certain edginess discernible in public officials. Even Mr. Miller, the prince of sure-footed cool since he took over at the Fed in March, lost his composure in Congress recently in an exchange with Henry Reuss who, as all Washington knows, is nothing if not a gentleman. Mr. Reuss was simply questioning a certain aspect of the Fed's authority: but that, too, is a touchy subject these days, as President Carter's persistent complaints against the legislature's vetoing tendencies illustrate.

Nobody is better equipped to handle both the mood and the issues than Robert Strauss. But nobody, not even the special trade representatives, is safe when, to use baseball parlance, they get to first base and the arms are already being quietly cocked to throw out the sharpest political brain in Washington.

Worrying case for traders with Comecon

BUSINESS AND THE COURTS

BY A. H. HERMANN, Legal Correspondent

THE LAW LORDS' decision in the case of the 1974 Polish sugar contracts, handed down on July 6, put paid to the hopes of several sugar merchants of recovering losses amounting to some £40m. They suffered these losses when the Polish Government decided not to honour contracts after a disappointing sugar-beet harvest and a substantial rise in the world price for sugar.

The judgment was also the last word on whether Polish State trading companies can claim that, under a *force majeure* clause, their Government's directives are equal to an "act of God" in justifying the non-fulfilment of their contractual obligations and whether the obligation to obtain export licences is met when these are obtained and later withdrawn, or cannot be obtained because of a general export ban.

However, the last word which their Lordships have in any dispute brought before them, does sometimes become the first word in a process aiming at changing the law by legislation or at filling up the pitfalls which they have uncovered. Their last word in the present case, known as *C. Czarnikow Ltd v Rolimpex* is likely to open cracks in existing contracts—and not only in East-West trade—and require structural reinforcement of many standard and routinely used commodity contracts.

On the first question, concerning the relationship between the Polish government and Rolimpex, a State trading company with exclusive rights to import and export sugar, there was an awe-inspiring unanimity of arbitrators and judges. The arbitrators, Mr. Justice Kerr, the three Appeal Judges including Lord Denning, the Master of the Rolls, and finally the five Law Lords, all agreed, as expressed in the speech of Lord Wilberforce, that although Rolimpex was an organisation of the state it was not so closely connected with the government that it was precluded from relying on the export ban as "government intervention" under the "*force majeure*" clause in the standard rules of the Refined Sugar Association. This unanimity will surprise many on both sides of the East-West frontier. Not only is the Doctrine of the State Monopoly of Foreign Trade part of the constitution of all Comecon countries, but it is one of the few fundamental rules which are meticulously followed in everyday practice.

This doctrine makes it possible in Comecon to insulate domestic price levels from price movements on the world markets by using different multipliers for different products and markets, or simply by selling abroad for less than was paid to the producer at home and charging a multiple of the import price to the domestic consumer. Such "losses" suffered on exports and "profits" made on imports are then charged or credited to the state budget. This system of price formation, together with the detailed central planning of the economy, make it unavoidable that all major foreign trade deals have to be approved at the highest level by special governmental commissions for foreign trade. But even in relatively trivial matters the business of foreign trade agencies is often directed by ministerial directions concerning contracting parties, prices, delivery dates and other terms of contracts.

In the particular field of sugar and other commodity contracts, it is quite unthinkable that a foreign trade organisation anywhere in Comecon could conclude contracts concerning a future harvest without being expressly authorised by its government to do so. Such speculative contracts are always a gamble. The western party to this gamble is well defined and the merchants who enter it have to pay up if the market goes against them. The Comecon party is the government which authorised the deal in the first instance, because it is this government which will reap any benefit from such deal. It can, however, be protected against any losses if the market goes against it, as the present judgment in *Czarnikow v Rolimpex* has demonstrated. In the long run this is bound to frighten away many potential trading partners in the West, as the Polish Minister of Trade was well aware when he tried to persuade his colleagues that the sugar contracts should be honoured.

The second question, concerning the contract clause which made the seller liable for any failure to obtain export licences, is of an even wider importance as its answer will affect also contracts with many genuinely independent traders in countries which operate an export and import licensing system in otherwise free market economies. Did this standard rule of the Refined Sugar Association prevent Rolimpex benefiting from the *force majeure* even if its separateness from the Polish Government was accepted as a fact? Mr. Justice Kerr said "No." The majority of the Court of Appeal agreed with him but Lord Justice Lane dissented, holding that the obligation to obtain an export licence meant that the exporter should obtain an export licence which remained valid until the time it was required for allowing the goods to pass the customs.

But the majority of the Law Lords agreed with Lord Wilberforce that the clause did not imply any obligation or warranty to maintain the export licence in force until such time. It was enough to get it. The exporter met his obligation even if he lost it before the shipment was due.

Lord Salmon's dissenting opinion will make better sense to most businessmen. He said that the rule of the standard contract terms called for the obtaining of "any necessary export licence." "Necessary for what?" he asked, and answered his own question: "Necessary to enable the sugar sold to be cleared through customs and loaded on board ship." Nothing else would make commercial sense. But he was overruled.

Roma locuta, causa finita. But anyone with contracts containing *force majeure* and export and import licensing clauses of this sort should quickly look for any booby traps contained in them.

Clouds over bright prospects of French Derby winner

RACING

BY DOMINIC WIGAN

ALTHOUGH the French Derby winner, Acamas — almost certainly the best three-year-old over 1½ miles in Europe at present—is a fully intended runner for Ascot's King George VI and Queen Elizabeth's Diamond Stakes there appear to be two possible snags concerning his participation.

First, the once great racing empire of Marcel Boussac is rapidly being wound up (with a close interest in proceedings being taken by the French tax authorities) and it follows that there is a possibility of an immediate "unqualified" sale to one of the major Kentucky studs. And second, it seems far from inconceivable that even if Acamas is not packed off to stud immediately the Paris-based art-dealer, Mr. Daniel Wildenstein might well step in and buy the Mill Reef colt who, at present, is marginally preferred to Crow in the betting on the King George.

If that in fact occurred, I have little doubt that we would not see Acamas at Ascot in nine days.

At present Guy Bonnaventure intends Acamas to be on the same plane carrying Trillion, Montcontour and Rex Magna to Heathrow two days before the big race.

No one present at Royal Ascot on the final afternoon of the four-day meeting could have failed to be anything less than struck by the ease with which Solinus brushed aside his King Stand Stakes opponents, and I see no reason why the Comedy Star colt should not prove equally effective in today's renewal of the William Hill sponsored July Cup.

Solinus, whose only previous effort this season resulted in a game success (when he looked short of peak fitness) over Ballad Rock in Leopardstown's Ballyogan Stakes, could well find the much-travelled Sanedtki his toughest rival here.

The four-year-old French filly, who has undertaken this cross-Channel venture alongside fellow July Cup challengers Loving Jim and Pas de Deux, has made her last three appearances over a mile and may well be seen to better advantage over this six furlongs. Incidentally, in 16 races spanning three seasons Sanedtki has never tackled this trip although she has run several times over five furlongs.

A year ago Shirley Heights sprung something of a surprise when lifting the 12 runner Limekilns Stakes at 10 to 1 and it will be interesting to see if any of those in today's turnout can show anything approaching Classics potential this afternoon. The one who might well fall into that category judged on his sole previous effort is Lyphard's Wish, a yearling purchased for FFrs 180,000, who did all that was asked of him on his debut. Jeremy Hindley introduces a well-thought-of bay in Show of Hands here and he could be the one to give Lyphard's Wish most to do. Show of Hands is a colt by Royal Prerogative out of the Grey Sovereign mare, Lindylee.

NEWMARKET

2.00—Seamark
2.30—Bialistock
3.05—Solinus***
3.35—St. Jills
4.05—Lyphard's Wish**
4.40—Spithead Review
5.10—Hunter's Isle*

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Uhf only). 10.55 Golf: The Open from St. Andrews. 1.05 pm On The Move. 1.30 Mister Men. 1.45 News. 2.00 Closedown. 2.15 Golf. 4.18 Regional News for England (except London) 4.20 Play School. 4.40 Laff-a-Lympics. 5.05 We're Going Places. 5.35 The Wombles.
5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.50 Holiday Report.
7.00 Dr. Who.
7.25 Top of the Pops.
8.05 Wildlife on One.
8.30 Citizen Smith.
9.00 News.
9.25 The Songwriters.
10.20 I, Claudius.
11.15 Revolution.
11.45 By-Election Special from Penistone and Manchester Moss Side.
1.00 a.m. Regional News.

All Regions as BBC-1 except at the following times:—

Wales—5.55-6.20 p.m. Wales Today. 7.00-7.25 Heddiw. 11.15-11.45 Ar Glawr. 1.00 a.m. News and Weather for Wales.

Scotland—9.55 a.m. Paddington. 10.00 Jackanory. 10.15 Help! 10.35-10.55 The Islanders. 5.55-6.20 p.m. Reporting Scotland. 1.00 a.m. News and Weather for Scotland.

Northern Ireland—3.00 p.m. Racing from Rown Royal. 4.18-4.20 Northern Ireland News. 5.55-6.20 Scene Around Six. 1.00 a.m. News and Weather for Northern Ireland.

England—5.55-6.20 p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 a.m. Open University.
11.00 Play School.
4.20 p.m. Golf: The Open from St. Andrews.
7.30 News on 2.
7.40 Gardeners' World.
8.05 Top Gear.
8.30 BC: The Archaeology of the Bible Lands.
9.00 Midweek Cinema: 'L'Annee Sainte' starring Jean Gabin, Jean-Claude Brialy, Danielle Darrieux.
10.30 Late News on 2.
10.40 Golf.
11.30 Tribute to Joe Davis.

LONDON

9.30 a.m. A Present from the Past. 9.55 Paint Along with Nancy. 10.20 The Undersea Adventures of Captain Nemo. 10.30 Birds of a Feather. 10.55 Pygmies of the Rain Forest. 11.45 Cartoon Time. 12.00 Little Blue. 12.10 p.m. Stepping Stones. 12.30 Doctor! 1.00 News, plus FT index. 1.20 Help! 1.30 Crown Court. 2.00 After Noon. 2.25 Racing from Newmarket. 3.50 The Sullivans. †4.20 Children's Film Matinee: Bud Abbott, Lou Costello in "Hold That Ghost!"
5.45 News.
6.00 Thames at 6.
6.25 Cartoon Time.
6.50 Crossroads.
7.15 Leave it to Charlie.
7.45 The Mid-week Film: John Wayne, Ann Margret, Rod Taylor in "The Train Robbers."
9.30 This Week.
10.00 News.
10.30 What About The Workers.
11.00 Time for Business Special.
11.45 By Election Special.
12.15 a.m. Close: One of Shakespeare's sonnets read by Sir John Gielgud.

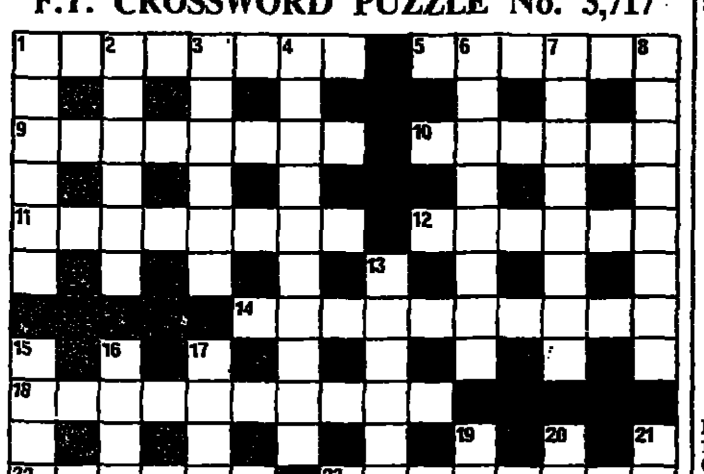
RADIO 1

247m

(S) Stereophonic broadcast
‡ Medium Wave

5.00 am As Radio 2. 7.02 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett including 12.30 Newsbeat. 2.00 pm Tony Blackburn. 4.31 Kid Jensen including 5.30 Newsbeat. 7.30 Sports Desk

F.T. CROSSWORD PUZZLE No. 3,717



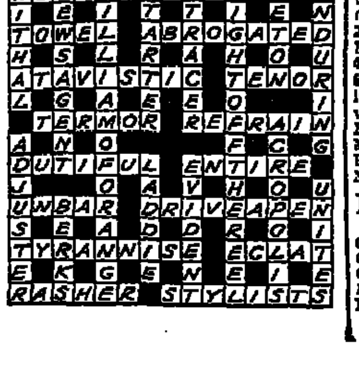
ACROSS

1 Shot when going to be shot (5, 3)
5 Relish having pet to drink (6)
9 Gave girl loan of daffodil (4, 4)
10 Go round the bend at Monopoly (6)
11 Not becoming grand if I changed (5, 3)
12 Way Territorials returned to United States in relative position (6)
14 Mops up far into night with no discreditable history (5, 5)
18 Organisation of labour by business combine (5, 5)
22 Mother's willing to provide fruit (6)
23 One ball from Willis needs pulling to obtain unfair advantage (1, 4, 3)
24 Ken and Roy are confused about the islands (6)
25 Keep back by means of part of ship (8)
26 Crafts return thanks to layers (6)
27 Month before worker on the Queen Elizabeth hit the bottle (8)

DOWN

1 Prince offers sound incentive (6)
2 Duplicate fly (3, 3)
3 Loose-sleeved garment displayed at party by student fellow (6)
4 Collapse of family when made to conform (4, 2, 4)
6 Abandonment of faith in a job as youth leader (8)
7 Desert gin in bunker (4, 4)
8 Blighter coming to untimely end (8)
13 Cream of the jest is to settle debt with steamship company (3-3, 4)
15 Bookish boss takes notes (8)
16 Swing from boxer creating stacks of fodder (8)
17 Suggestive amendment made to lender (8)
19 Complaint a maths formula might bring (6)
20 Travel solicitor escaped (3, 3)
21 Dive like a brick (6)

SOLUTION TO PUZZLE No. 3,716



ENTERTAINMENT GUIDE

CC—These theatres accept certain credit cards by telephone or at the box office.

OPERA & BALLET

THEATRES

THEATRES

CINEMAS

ecord Review

Mixed Doubles

by ANTONY THORNCROFT

me Girls: Rolling Stones: CUN 39108

Treat for the Troops: Boomown Rats: Envy 3

reet Legal: Bob Dylan: CBS 36067

ırkness on the edge of town: Bruce Springsteen: CBS 86061

It is one of the oddities of the ck world that when a new ent surfaces the biggest comment is to attach it to some ablished artist. A few years o Bruce Springsteen was gged the second Dylan, and over-promoted that he dispeared in a storm of disbelief. re recently the Boomtown ts, out of Ireland and out of "new wave," have been cognised as the sons of the lling Stones—chronologically ite possible in some cases. w albums from all four rces allow second thoughts.

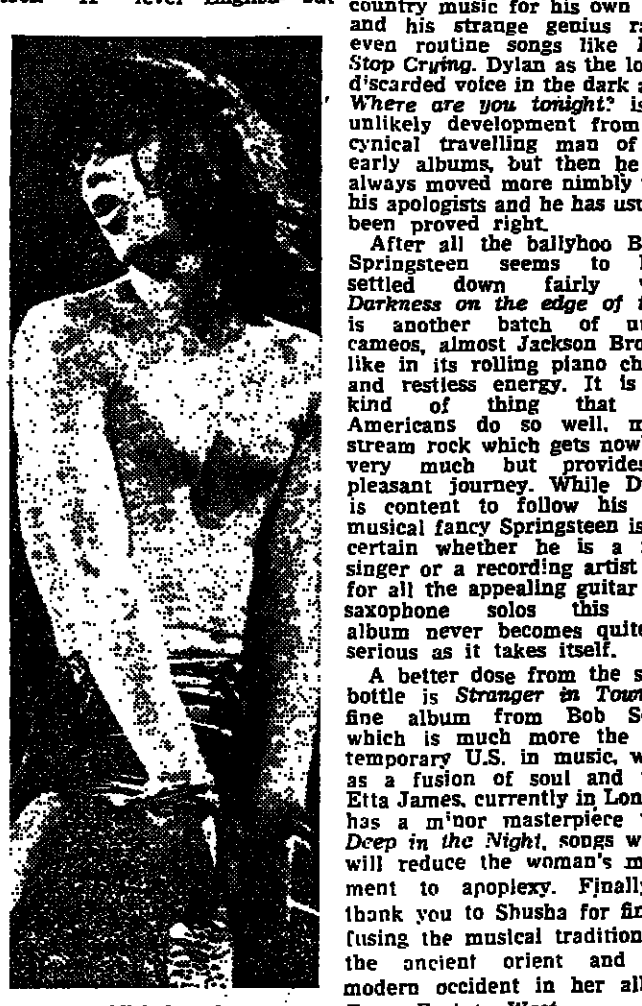
The similarities between the omtown Rats and the Rolling ones are mainly in visual pact. The Rats lead singer b Geldof dominates the stage, d the group, as magnetically Mick Jagger, and has the ne endearing disdain, the ne mastery of the sophicated put-down. But the ength of the Stones is that y are just as effectively mulating on record as in ncert, perhaps more so as age ars down the edge.

The opening bars of *Miss You*, first track of *Some Girls*, mediately sweeps you into the ones experience. Hardly anyng has changed in over a cade—the relaxed guitar, the assuring bass line, the use saxophone and electric piano spice the melody, and Jagger his best urban drawl. The ce is confident, the appeal tant. The Rolling Stones have ways succeeded with slow, ues-soaked, songs: in the faster mbers like *Liar*, they sound, not commonplace, at least conntional. But with lyrics that er the dream worlds of ready men, exciting places, and easy ney they remain the image the age. Perhaps there is an ment of self parody, of old hioned super-star decadence: *ne Girls* would probably nbolise all the worst excesses the rock establishment to the ders of *Sniffin' Glue*, but in 20 year history of the music inds a level, a level near the . It is the best from the ling Stones for ages.

witching from the cool nes to the hot Rats is like ving from the first class lounge to the boiler room. The Stones might once have had such energy, but I doubt it. Gedolf's voice is not unlike Jagger's while his lyrics and his band are a decade on. The Boomtown Rats was always one of the more intelligent of the punk bands, and with a *Tonic for the Troops* they have almost kicked over the ladder which took them to the top. There are melodic indulgences in *Like clockwork* which would not have ashamed 10 cc, while *I never Loved Eva Braun* carries Bowie-like declamations. When the simple Boomtown Rats sound comes across, as in *She's so modern*, there is an instant kick in the stomach, an ear's view of a street fight in Hoxton or a teenage party which has suddenly taken off. The lyrics are rather bit and miss, a search for significance which is unnecessary—who cares if the Rats took "A" level English—but with their musicianship, and Geldof, the band, shows signs of a long life.

The new Dylan album, coming so soon after his triumphant return to Europe, is a bit of a problem. The cosmic view has shrunk to some very personal perspectives which are almost morbid: perhaps there is little difference between the mid-life crisis and the doubts of adolescence. One difference for Bob Dylan is that the songs can be wrapped up in lavish vocal backings and the best band at any price. It is a pity that the lyrics are not included in the record for this is probably a verbal treat—the melodies are more subtle, the arrangements more complex, than we are used to, and it will probably please the older Dylan supporters more than the new converts.

Even so it is a fine album. Dylan incorporates soul in much the same way that he used country music for his own ends and his strange genius raises even routine songs like *Baby Stop Crying*. Dylan as the lonely discarded voice in the dark as in *Where are you tonight?* is an unlikely development from the cynical travelling man of the early albums, but then he has always moved more nimbly than his apologists and he has usually been proved right.



Mick Jagger

After all the ballyhoo Bruce Springsteen seems to have settled down fairly well. *Darkness on the edge of town* is another batch of urban cameos, almost Jackson Browne like in its rolling piano chords and restless energy. It is the kind of thing that the Americans do so well, mainstream rock which gets nowhere very much but provides a pleasant journey. While Dylan is content to follow his own musical fancy Springsteen is uncertain whether he is a rock singer or a recording artist and for all the appealing guitar and saxophone solos this new album never becomes quite as serious as it takes itself.

A better dose from the same bottle is *Stranger in Town*, a fine album from Bob Seger which is much more the contemporary U.S. in music, while as a fusion of soul and rock Etta James, currently in London, has a minor masterpiece with *Deep in the Night*, songs which will reduce the woman's movement to apoplexy. Finally a thank you to Shusha for finally fusing the musical traditions of the ancient orient and the modern occident in her album *From East to West*.

estival Hall

John McCabe by DAVID MURRAY

ohn McCabe did not actually duct the Royal Philharmonic Tuesday he left that to the able Charles Dutoit; but he inated the first half of the gramme in no uncertain ns. (The second half ught Dvorak's "New World" nphony.) As soon as he had en his bows after the prere of his Third Symphony, reappeared as soloist in zart's C minor Piano Con-o.

Ir. McCabe's new Symphony subtitled "Hommages," with ight-jawed candour. He is omposer who cannot resist, nore probably does not want resist, non-stop citation. In natter of minutes one lost nt of the other composers flash up through the score. etimes in the cut of a asc, more often in some untakable bit of scoring. In programme note McCabe tared, "I do not propose to npile a list," and I shall follow his example; but I confess at first hearing, all those iliar trees obscured the d. Certainly the Symphony ies its own argument forward, in three compactly dovetailed movements; and the material from which it is generated—the slow movement of one of Haydn's last quartets (Op. 76 No. 6) and chordal fragments from Nielsen's Op. 45 Suite for piano—is thoughtfully assimilated to the point where its original identities are shed.

The argument is none the less curious. The opening *Flessibile* movement is athletic and transparent (not only in its allusions): in a quiz one might take it for between-the-wars Scandinavian music. The slow movement offers elusive polyphony with hushed, faintly heady string textures; the final fugue rises to an insistent reiteration of the opening motives—a figure of alternating notes is shrilly dwelt upon—and then backs away, minatory low brass and twittering strings flattened by a mechanical percussion onslaught (Nielsen again?). Purposeful, undoubtedly, but so far opaque to me.

In the K.491 Concerto McCabe cut quite a different figure. His playing was cool, self-effacing, almost uninflected—by comparison every woodwind solo sounded boldly romantic. Though Dutoit reduced his orchestral forces drastically, the piano (a Bösendorfer) seemed suppressed: McCabe found no brilliance in the finger-passages, and expanded his scale only for an unexpectedly grand cadenza—new to me: perhaps his own—in the Allegro. In the hall, it sounded the work of a very intelligent music-box, despite the encouragement of Dutoit's sturdy accompaniment; I wished I had heard the broadcast relay instead.

Award for Morris West

The author Morris West has been awarded the International Dag Hammarskjoeld Prize, the Grand Collar of Merit. It was awarded to him at a public ceremony at the Hotel Negresco in Nice, on Saturday, June 24.

Previous recipients include John F. Kennedy, Leonard Bernstein, Christian Barnard, George Simenon, Neil Armstrong, Herbert von Karajan.

en Space

Jubilee Minstrels

by MICHAEL COVENEY

. O. Sloan's *Three Black and ee White Refined Jubilee strels*, to give the full title, is olly celebration of the songs music that grew on the thern plantations into the adway music hall of the Is. It is no more than that, pite Mr. Sloan's irritating hiscal commentary between high s that attempts to place the nomenon in a social and culil perspective.

othing is done with the erial itself to support the ed eyebrows at the coon song istry and Mr. Ziegfeld's hiring Bert Williams as a crinolined er to sing "Nobody," year in year out, at the end of his v. Nor do the characters of performers themselves really rge as anything more than uarised agents of some fine ic. Sentimental ballads like utiful Dreamer" and nstrel Boy" (placed arbily in the context of the Civil) are ably delivered. But impress as songs merely, as part of the argument prooded around them by our al host.

udience participation is ted for the Cake Walk, ed to a rather galumphing o interpretation of Scott in's "Maple Leaf Rag"; and e is some sprightly fun with Sloan as the irrepressible us Rastas Jackson Brown, a dified darkie with a top hat a cane chorus. As well as Sloan, Robbi Coverton makes mpression as a talented and vidual artist, but the rest is he sort of mundane, ordinary f that would pass relatively oticed on the Edinbugh ge.

Leni Sloan

Leonard Burt

Cheltenham Festival

English String Music

by RONALD CRICHTON

The Cheltenham programme this year has Kent opera giving two performances at the Everyman Theatre, a series of Hadyn-Schubert recitals by the Chilingirian Quartet each of which includes a British work and more Schubert from Brendel. For the first two days the main feature was string music, sonorous and brilliant in the Town Hall, a resonant place where many a British work for larger forces has risked drowning at the moment of baptism in a swimming-bath of sound, but excellent for string orchestras. The players were the Academy of St. Martin-in-the-Fields, either conducted by Neville Marriner or directed by Iona Brown as leader and, in Schubert's A major Rondo, as soloist.

Friday evening brought Berkeley's Antiphon back to its birthplace in a reading just as gravely distinguished but less shyly reticent than the one heard at the composer's 75th birthday celebrations in London. There was a new work, called *Music for Strings*, commissioned from that indefatigable supplier, Richard Rodney Bennett. The title, though it has probably been used by others as well, belongs to Bliss. Yet, at least in the last two of bis four movements, Bennett justifies his appropriation. The second half of the work impressed not only for expectedly fluent and effective writing but for a degree of commitment and a personal way with a not markedly original idiom going beyond what this prolific and professional composer sometimes supplies. The first two movements made a slighter impression, but further hearings may prove this view to be wrong.

Saturday's concert included works for mixed orchestra (the in every sense rare Overture to Rossini's *Il turco in Italia*, Mozart's Bassoon Concerto with Graham Sheen as soloist, and Schubert's Third Symphony) but the focus remained on string music in the form of Nicholas Maw's *Life Studies*. This work proved a stimulating experience even though, most regrettably, they omitted the important second study—one of those added since the work was first given at this same festival in 1973 so that was not the promised "first complete performance."

Maw divides 16 solo strings into two symmetrical groups with a single double bass as anchorman in the middle, binding so to speak the two groups and more than once assuming a solo function. The writing, mainly but not entirely antiphonal, is full of contrast—Maw declares a link with the virtuosc studies for violin or piano by Paganini, Chopin, Liszt and Debussy. Like his predecessors, he explores moods and states of feeling (and, one sometimes feels, types of human behaviour) as well as technique and texture.

There is plenty of contrast. Study No. 4, a piece of glassy calm, leads into a long, sardonically humorous pizzicato bass solo which, with pattering comments from the other strings, forms the substance of No. 5. Another quiet piece recalls the Irish girl Cathleen's lyrical music in *The Rising of the Moon*. The final study, No. 8, has big gestures thrown like challenges from side to side until the two groups are reconciled on a throbbing unison D. The pieces don't have to be played complete or in invariable sequence: the composer gives as many as 13 possible combinations, and he has arranged five for string orchestra, with more than one voice to a part.

Life Studies, hard to play but not to listen to (however aggressive the sound, the sense and direction of the music are clear) should be a gift to string ensembles on the top level. Mr. Marriner, whose apology for omitting one piece was not on the level of gracefulness one would expect, nevertheless drew such assured playing from the Academy that he now owes composer and public a truly complete performance.

St. Bartholomew-the-Great

SPNM Concert

by NICHOLAS KENYON

Premieres in profusion at the St. Bartholomew's Festival: three on Monday night, four yesterday lunchtime — is someone trying to create a new entry for the Guinness Book of Records? Last night's concert by the Society for the Promotion of New Music not surprisingly added another three new works, but provided a framework of reliable quality by placing music by Harrison Birtwistle at the beginning, middle and end of the concert. (Just to add variety, however, Birtwistle's name was spelt in three different ways in the programme book.)

The new music found it difficult to compete with the perfect control and precisely imagined writing in Birtwistle's *Monody for Corpus Christi* and his *Cantata*: his vivid, pointed word-setting and atmospheric lines for solo soprano were put across with all the authority we expect from Jane Manning.

In the most substantial of the new pieces, *Noche Oscura*, a setting of St. John of the Cross by John Hopkins, I doubted if the composer had calculated with enough clarity the interaction between his six instrumentalists and the soprano: too much in this intricate and interesting score remained imperceptible. Though the gradual movement from lower to higher pitches was audible and attractive, this was not accompanied by any transformation of the material such as might have conveyed the content of St. John's poem. Its growing sense of ecstatic union with God was unexpressed; the listener remained firmly earthbound.

Less ambitious were two instrumental pieces. The title of Edward Lambert's *Fantasy a 3* promised Renaissance-style counterpoint, but there was more of the medieval hocket in its desiccated repeated notes and jerky rhythmic figures. The guitar solo, *Blame not my lutte*, by Harold Allen, also had Renaissance connotations, though it did not appear to be based on the 16th-century song of that name. It was a lyrical, unpretentious exploration of well-contrasted material which benefited immensely from a taut, lively performance by Timothy Walker. In the other performances, by the individually excellent Park Lane Music Players under Lionel Friend, there was suspicion that rehearsal had been short: the account of the Hopkins, which was the only one I followed with the score, was at times unworthily approximate.

ICA Theatre

Another Tuesday

by MICHAEL COVENEY

Three blind blacks assemble in front of a graffiti-laden white wall to open shop for the day. They offer sweepstake tickets, oranges, cigarettes and (to these ears) a virtually incomprehensible stream of West Indian chatter about domestic crises and the old days with Michael X in England. I am not even sure where Mustapha Matura has placed his lunchtime play (New York? Trinidad?) but he obviously sets out to work through an image of black beggary to assert his usual message of cynical optimism.

The beggars—two men, one woman—are organised at their posts by a black colleague who serves little purpose beyond setting them off against each other. Mr. Matura's splendid facility with West Indian idiom and deflationary, critical humour is mauled in a clumsy production by Charlie Hanson which renders an actor invisible when he sits down and inaudible when he speaks up. Poor sight lines and rubbery acoustics no doubt have something to do with this.

The ICA, nonetheless, is one of the most pleasant venues to visit at lunchtime these days due to the airy lightness of the galleries and corridors and the excellence of the new restaurant under the management of Justin de Blanc. At reasonable prices, you can take your pick from stuffed peppers, lasagne, interesting salads and delectable sweets.

The actors from the Black Theatre Cooperative—Malcolm Frederick, Yvonne Agard, Carl Andrews and Mark Heath—should be reminded that fine intentions do not always result in good theatre.

£1m GLC aid likely for Royal Opera House

The Greater London Council is likely to contribute up to £1m towards the Royal Opera House, said Mr. Horace Cutler, leader of the council, yesterday.

The money will go towards providing much-needed modern dressing rooms and other backstage facilities.

The council's contribution would be spread over five years on the basis of £1 from the GLC for every £4 raised by the Royal Opera House.

Mr. Cutler said: "The Royal Opera House, with its international reputation for the best in opera and ballet, is sadly lacking in modern backstage amenities.

"It is nonsense that world-class performers should have to rehearse in dinghy halls miles from the theatre—and put up with poor dressing rooms, inadequate wardrobe space and positively Dickensian washing, toilet and canteen facilities.

"London is proud of the Royal Opera House and its tremendous cultural contribution. It is only right that the GLC should make a grant on behalf of Londoners. The Opera House improvements would fit in well with the GLC's own aims for Covent Garden and our general efforts to bring life and quality back to the inner city."

A report on the GLC's contribution to the Royal Opera House development project will be presented at committee meetings on July 17.

Chichester Festival Theatre

The Aspern Papers

Michael Redgrave's dramatisation of Henry James's tale preserves the Jamesian feeling cery well, the emotions concealed behind a facade of polite behaviour and neutral speech, the climax presented in terms of every day courtesy. The climax is not the point at which Miss Bordereau, the old lady from New Orleans with an interesting past, steals out in her nightgown to find Henry Jarvis in the act of opening her secret trunk to look at the correspondence she exchanged with the American poet, Geoffrey Aspern, though this is indeed the high point of Cathleen Nesbitts' bewitching performance. The climax comes later, when Miss Bordereau is dead, and her niece Tina, virtually offering Jarvis the papers in exchange for marriage, is met with the dry hyper-Jamesian reply: "It wouldn't do."

It is a good, a moving climax, but in this slow production it takes a lot of working up to. The plot is full of subtlety but the acting on the whole is not. This is where Jill Bennett scores in the part of Tina. Tina has lived most of her adult life in retirement with her old Aunt in a clapped-out palazzo in Venice. She knows nothing of society, certainly nothing of the kind of dubious behaviour Jarvis imposes on her with his tissue of deceits, all directed at his single purposes of getting hold of these papers for his forthcoming biography. She is hardly able to hold a coherent conversation, still less to understand that Jarvis's friendship has anything in it, other than friendship. Miss Bennett, in a mousy straight haired wig, keeps her temperature down wonderfully, so when she has the chance to move into her pathetically inadequate attempts to engage Jarvis's emotions, the effect is devastating.

Her Aunt knows from the start why Jarvis has come to Venice to see her and why he has taken rooms in her palazzo. Miss Nesbitt, her face chalk-white under her black mantilla, may have the outward look of a corpse but her eyes burn with mischief. "You all want to see me," she teases. "I want to watch you." She has seen an opportunity to trade her papers for her niece's future; it is too bad that the sight of Jarvis yielding to the temptation put in his way by his shifty man-servant should prove fatal to her before her plan is realised. Miss Nesbitt's performance, almost all from a wheelchair, is the liveliest of the evening.

As Henry Jarvis, Kenneth Haigh puts on a smooth mask of propriety; perhaps Miss Bordereau is right when she says that all publishers are dishonest, for he goes about his lies with all the polish of an American gentleman, if there was such a thing in those days. To my mind he submerges his personality too deeply, for he comes out as a rather dull man who sometimes seems as slow on the up-take as Tina is. Since most of his important scenes are played with her, the pace of the production which is directed by David William is fairly sluggish, save when Miss Nesbitt is pushed on stage to buck it up.

The Sala in Miss Bordereau's palazzo needs only a handsome venetian wall at the back and this Finlay James has provided, with a staircase thrown in to enable Jarvis to make his point convincingly about his weak heart. Jarvis's man, Pasquale (Keith Drinkel), lurks on these stairs like a character from Verdi; he is not the man I would chose for a servant, but he is more active than Eve Shickle's Assunta (who needs to correct her Italian pronunciation). She seems almost as senile as her mistress.

Not until the end of the play is the fate of the Aspern papers disclosed. I will not disclose it here. It is the basis of the whole play.

B. A. YOUNG

Kenneth Haigh, Cathleen Nesbitt and Jill Bennett

Leonard Burt

Round House

Cruel Garden by CLEMENT CRISP

There is a moment in *Cruel Garden* when Christopher Bruce, masked and decked out in wedding-dress and veil, grieves over the body of a dead child. That the child is also a clown, that Bruce is supposed to be Frederico Garcia Lorca, are incidental irritations entirely forgettable in the presence of this extraordinary artist. Immobile, Bruce manages to be the very essence of grief; through the barrier of mask and dress, the intensity of his presence communicates directly with us. And *Cruel Garden* becomes required viewing thereby.

I was more than disenchanted with the piece at its creation two years ago by Ballet Rambert. Somewhat revised and tightened by editing since then, it opened the company season on Tuesday. It will never win my confidence as anything more than a wilful extravaganza relying more upon grotesque maquillage than any depth of perception to make its effects. It has a brilliant bull-ring setting by Ralph Koltai, a most efficient collage score by Carlos Miranda, and evident dedication from all its cast. At its best—in an early bullfight scene, and the final sequence in which Lorca (Bruce) meets his death—it roars into life because of the physical bravado of Bruce and Yair Vardi as the bull.

Elsewhere supposedly Spanish quaintness, and a rechauffe of surrealist images, plus members of Ballet Rambert being determinedly Iberian and naughty in a cafe and looking merely tame, lower the emotional temperature. But Bruce, by his presence, gives the piece logic and a heart, he manages to be both heroic and vulnerable, and at the last the inevitability with which he faces his death, after moments of fierce panic, is reason enough for seeing this beautiful interpretation.

As a word of warning I must advise the public that, prior to the performance, music is played with deafening and offensive loudness in the auditorium; and the seats at the Round House remain the nearest thing I know to the Iron Maid of Nuremberg.

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Thursday July 13 1978

Getting back flexibility

THE FIRM statement which the Prime Minister made yesterday in his speech to the National *Union of Railwaymen was that* the Government wished the average increase in earnings during the next pay round to be very much less than that in the round just ending. Precisely how large even this will turn out to have been is still a matter of guesswork. The Government made the tactical mistake at the outset of stating its target in terms of average earnings rather than of basic wage rates: it was therefore this higher figure which was picked on by negotiators and which tended in many cases to be treated as a minimum basis for negotiation rather than an overall average.

It has been argued that a large percentage of the major claims which have so far been settled have fallen within the *official guidelines*—an overall increase in earnings of no more than 10 per cent, together with anything that can be offset by genuine increases in productivity. In the first place, however, it is quite impossible—and will remain impossible for some time to come—to say which productivity agreements are genuine and which are merely a polite way of circumventing the guidelines. In the second place, a much smaller proportion of the workforce than usual had *settled at the latest date to be* reported, so that there is probably an abnormally large amount of back-payments still in the pipeline.

1977-78 outcome

In the third place, the increase in average earnings during the first three quarters of the wage year which ends this month has amounted, even on official figures, to just on 14 per cent. This has to be set against the 10 per cent *originally set as an overall* target for the year as a whole and the 13-14 per cent which has been tacitly acknowledged for some time past as the most likely eventual outcome. It seems highly likely, in short, that the outcome for 1977-78 will be well above the revised as well as the original figure. The only reservation that can *easily be made is that the* newer index of earnings, which covers a wider range of employment, including jobs in which earnings are likely to have risen less rapidly than in manufacturing production, cannot yet be seasonally adjusted *and may conceivably show a* more favourable result when the results for July are eventually published.

In any case, it is clear that next year's average increase will have to be very much less if the rate of inflation is not again to rise steeply. It is a fair bet—though not one all observers would take—that the annual rate of increase in the retail price index will remain at about its present level of 8 per cent until the end of 1978: the *latest wholesale price indices* published earlier this week have themselves made this more plausible. But any sharp increase in wages after the end of July will not only depress the balance of payments by making exports less competitive but will work even more quickly on the exchange rate and the cost of imports.

Differentials

An average rise in earnings well below the 10 per cent *target of last year is therefore* necessary. But the 5 per cent which Mr. Callaghan mentioned yesterday was apparently only *intended to be illustrative and* took no account, in any case, of the sum which will have to be allowed for the overdue rectification of anomalies and restoration of differentials. Whether or not some such figure as this is actually specified in the coming White Paper on pay policy is something which has still to be decided in *the light of* discussions with the TUC and the CBI — as is the other vexed question of shortening the working week without *a corresponding reduction in* pay. There will be those who argue that any figure is better than none and that the Government was forced by the pressure of events into setting a target last time though it had not originally intended to do so. There will be those, on the other hand, who argue that the need to rectify anomalies and *differentials is now so great* — especially in the light of the special arrangements that have already been agreed — that any figure is likely to be treated as a basic minimum. It is difficult to launch an incomes policy. It will prove more difficult still to get away from it.

Open mind on gambling

THE REPORT of the Rothschild commission on gambling is not an easy one to digest at a single sitting. Nor could one expect it to be given the ramifications of the subject, the conflicting issues it raises, the variety of forms of gambling which are now permitted in Britain, and the complex web of legislation which governs its conduct. The commission's recommendations—there are over 300 of them—*will not please everyone. But its* report has the merit of being infused by a consistent philosophy and so is coherent as well *as comprehensive.*

Manual

The commission's stance can *be described as broadly libertarian* rather than paternalistic. It believes that individual liberty should be interfered *with only as far as it is necessary* to discourage excess and prevent the incursion of crime. It does not believe that people should be unduly protected from their own instincts or idiosyncrasies. On the other hand, the desire to gamble should not be unduly stimulated by excessive advertising or by pestering, and gamblers should be made aware of what they may be letting themselves in for. This last principle led the commission to produce its own 32-page *guide to odds in most forms of* organised gambling from prize bingo to punto banco.

This middle-of-the-road attitude has determined the commission's approach to what is probably its most important *recommendation for a national* lottery to be run by a government-appointed board which would distribute the proceeds to sports, arts and worthy causes. To the commission the issues are practical, not moral.

In the commission's view, such a lottery would help to fill the gap created by the disappearance, in a society where the accumulation of private wealth has become more difficult, of private support for worthy causes on a large scale. It doubts that *a national lottery would* reduce the scope for the smaller lotteries, held by voluntary organisations and societies (which it wants to see put under greater control). And it assumes that future governments would not dare to cast covetous eyes over this new revenue source — an assumption that many might question given the history of the land and roads funds and obviously the temptation for Ministers to reduce (or fail to raise) the Exchequer's contributions to organisations benefiting from the national lottery.

Subject to this reservation, the proposal has much to commend it. For experience suggests that governments are never likely to find it propitious to provide the scale of finance that is required by, say, the arts or an *arts purchase fund. If a national* lottery were really to be a way of by-passing the normal procedures of resource allocation, then it deserves *support on* these grounds alone.

Some of the other changes the commission suggests seem more questionable. It takes exception to the local authority and other lotteries which have sprung into existence in the past year and also to prize competitions—such as newspaper "spot-the-ball" competitions—which are conducted for private gain and for which an entry fee is charged. It wants the latter banned and local authorities *and others prohibited from* using specialist profit-making lottery organisers.

Priced out

On the question of taxation, the commission's approach is more sensible. *Controls on* gambling restrict competition and so taxation must be related to the operators' profits as well as cost and administrative considerations. The off-course betting duty, it believes, is dangerously high and could encourage the re-emergence of an illegal betting market, while the tax on casinos is too low and should be raised. It should not, however, be raised to the point where casinos, perhaps the only gambling institutions which have *a substantial international* custom, become internationally uncompetitive.

SUCCESS FOR AID SCHEME

BY KENNETH GODDING

Machine tools: lubricating the wheels of investment

THE Government's machine tool *industry aid scheme*, which got away to a hesitant start, turned out to be a roaring success after all, or so we are told by the Department of Industry. All the £30m allocated will be used up and it will help to generate total investment of £200m by the manufacturers.

Taking the broad view, the *Department insists the scheme* will put the industry in a much better shape to play its part in the Government's industrial strategy programme. In simple terms that means it should cut imports and stimulate exports of machine tools in years to come.

However, claims made by government departments have not always been able to stand up to close examination. So it is wise to take a more detailed look at this particular aid *scheme and do so through the* eyes of some of the companies which have benefited from it.

A minute part of the £30m, some *£4,400* to be exact, has found its way to Metform Engineering, a small manufacturer of metal-forming machines which is based at Brierley Hill in the West Midlands. Metform is typical of many smaller British engineering companies. It was set up as a design company 10 years ago by a group of engineers. Five years ago it began manufacturing the products it designs.

Although it is still a small business, the "package" it offers — computer-controlled machinery for painting, forming and cutting metal—costs around £250,000.

Some time ago the company was prodded by its auditors into drawing up plans for a formal management structure, a management information system and better production control. Consultants were called in and an application was made to the Department of Industry for a grant towards the £8,800 costs involved.

Mr. Bob Harris, one of the founder directors, says the industry aid scheme grant enabled Metform to go much further with the new management control system, particularly with the purchase of a mini-computer to help on the production side.

The new structure enabled management to get a much tighter hold on its operations and gave it the confidence to expand. It will now spend £100,000 on new machinery and *£60,000 on new buildings. And,* of course, it has applied for an industry aid scheme grant towards the cost. This is still being considered.

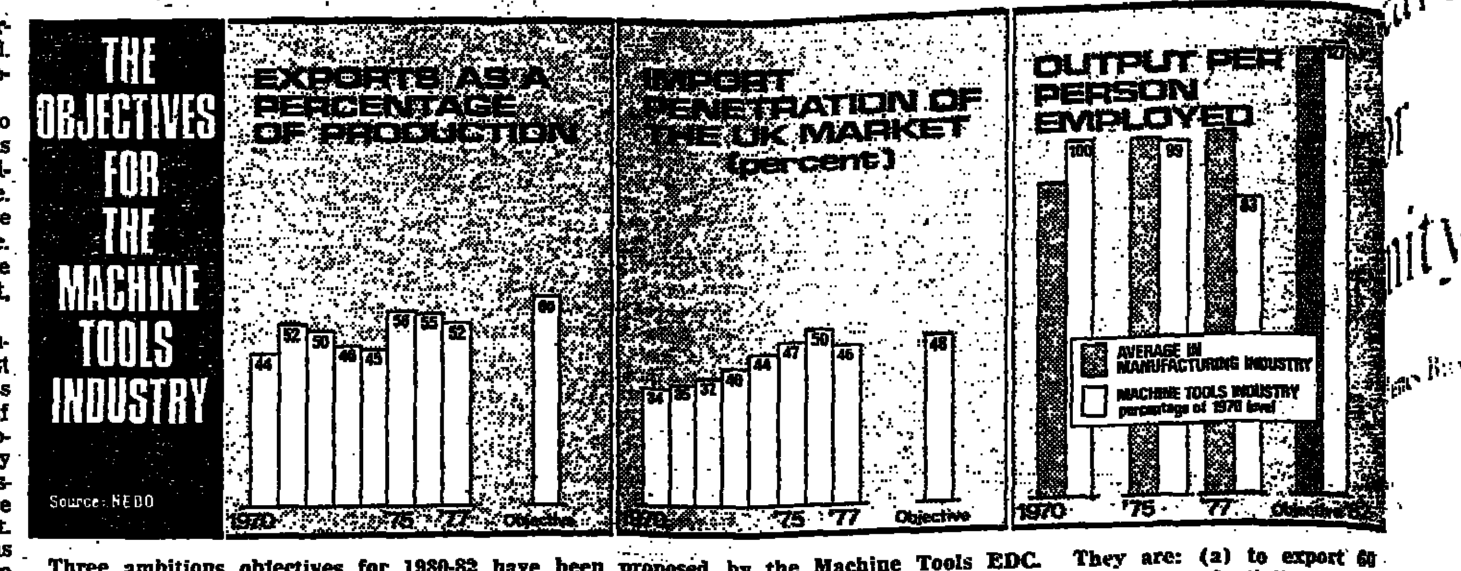
The machine tool industry was a particularly suitable case for aid scheme treatment. Those companies involved are easily identified as it is a homogeneous industry. It needed pulling out *of its steady slide* which had involved a fall in share of world trade, lack of profitability, low investment and extreme *vulnerability to the cycle of demand.* It also badly needed new products.

Yet the aid scheme got off to a poor start after it was launched in August 1975. Applications were slow to arrive. This was partly due to the state of this industry at the time. The recession had begun to bite and, perhaps more important, *liquidity was poor.*

Another important consideration was the industry's mistrust of the Government's motives. As Mr. Bill Vaughan, president of the Machine Tool Trades Association, says: "We look very carefully and with some suspicion at anything offered by the Government, any government. And when the aid scheme was *launched* many people were worried about the possibility of 'backdoor nationalisation' of the industry."

Both the givers, *the Department* of Industry, and the receivers had much to learn in those early days. There were bitter complaints about the amount of form-filling involved and the detailed information required by the Department. Mr. Harris of Metform recalls: "Several times we said to ourselves: 'Is it really worth all this trouble?'"

As time went by it became clear that the original scheme needed simplifying. This was *done in the summer of 1976 and* at the same time its scope was widened to include some industries closely associated with machine tools, including cutting-tool makers. More effort was put into publicising the scheme and, as the word spread and the industry lost its suspicions, applications mounted. In the final month, December last year, there was a rush of 178 applications.



Three ambitious objectives for 1980-82 have been proposed by the Machine Tools EDC. They are: (a) to export 60 per cent of production; (b) to maintain the industry's share of the UK market; (c) to raise productivity to the average for UK manufacturing.

Not willing to fill forms

In all 437 applications were submitted. Not bad when one recalls the industry consists of *about 180 manufacturing companies.* Some 69 applications were withdrawn or rejected. The Department insists most were withdrawn. Perhaps, unlike Metform, some of the companies were not willing to carry on with the form filling. The rejections, when they were necessary, often arose from some confusion about whether *a company really was in the* machine tool industry.

The group which will probably collect more in grants than any other from the scheme is Stavely Industries which has been offered £732,000 towards projects costing more than £4m at its Asquith, Drummond, Kearns-Richard and Lapointe machine tool plants. Although Stavely has slimmed down dramatically from those days in the 1960s when it called itself "Britain's biggest machine tool group," it is still large by the industry's standards.

Dr. Adolph Frankel, Stavely's managing director, makes no secret of the fact that he wants the group's other activities to increase their share of the company's products, but without any further running-down of the machine tool division. However, the aid scheme persuaded *the group "there should be* some moderate change of our distribution of resources," he recalls. Some cash which might have gone to other parts of Stavely went to the machine tool division and there was "some acceleration of projects we had in mind."

Stavely will be investing at the rate of £7m a year for the *next few years* and in all it will be getting government grants of roughly £2m, split almost equally between the machine tool aid scheme and the one *for* the ferrous foundry industry. "So we get £2m over the next three to four years and in that time will spend in excess of £20m of our own money," Dr. Frankel points out. "The grants provide marginal lubrication."

One important result of this "lubrication," from the point of view of the UK's balance-of-trade, *is that it enabled Stavely* to get into the market place earlier than expected with a heavy ram borer, a machine used in heavy mechanical engineering, nuclear work, boiler-making, shipbuilding and so on. Stavely's Lapointe division is the sole UK manufacturer of this type of machine, which sells for about £500,000, and *now one of the world's few producers* of the machine.

Britain's performance in world machine tool markets does not look all that bad if you take a superficial glance at the statistics. But the worrying factor is that the UK is not strong in many of the newer types of machines which are becoming more and more important. There *is* a danger that Britain could become a supplier of standard machine tools—against severe competition from the developing countries — while importing those incorporating higher technology.

The value per tonne of exports and imports reflects the situation as it existed in 1977. Each tonne exported was worth on average £3,500. Imports cost £4,100 a tonne.

Ironically, the machine tool *aid scheme will initially* encourage imports of machine tools with higher added value. Companies will be seeking *more sophisticated equipment* and often will not be able to find a UK manufacturer.

The Department estimates that, of the £200m expenditure to be generated, some £101m will be in respect of new machinery and much of this machinery will be in the "machine tool" category.

But the aid scheme was also *specifically designed to encourage* new product development. It offered grants towards the cost of developing a new machine tool from the design stage to the market place.

One company which benefited from this aspect was John Stirk and Sons, part of the Wickman group and ultimately owned by John Brown. Stirk, one of the *few companies able to meet the* heavy machine tool needs of the railway industry, has been offered an incentive of £167,000 towards project costs of £694,000 for the design, development (including prototypes) and launching of a large computer-controlled machine. It will meet a specific need in the machining of components for the railway industry, oil and gas industries and for large aircraft components.

Stirk developed the machine *because it could see a gap in* the world market where the UK had a chance to break in against mainly West German competition. Inquiries from Canada, Australia and Eastern Europe have come in after the new product received some publicity in the technical press. Mr. Kenneth Duffield, Stirk's sales director, says that potential overseas customers *have* been attracted because they are being offered an entirely new concept and not just a development of an existing machine. "The world is interested in a 'better mousetrap' concept."

Mr. Duffield also insists that without the aid scheme the introduction of the new machine, which will sell for around £250,000, would have taken much longer. "It was of tremendous assistance and provided the boost which got the *project off the ground much* more quickly."

Gaps in the range

The aid scheme attempted, too, to stem the growing number of gaps appearing in the range of machine tools offered by UK manufacturers, gaps always filled by imported machinery.

For example, Penton Tools of High Wycombe has been offered £78,000 towards a £405,000 expansion programme. The company *makes* high-quality, one-off moulds for a wide variety of customers in the plastics industry. This is an area of the *metal working industry which* has seen a decline in investment and capacity and which has become vulnerable to foreign competition.

The Startrite Engineering Group of Gillingham is now manufacturing in Britain a machine previously imported, thanks in part to the £68,000 grant it received towards a *£367,000 investment programme.* The group is one of Europe's leading makers of bandsawing and allied machines.

As these and other examples show, this was certainly not an aid scheme devised to protect employment through the support of failing or struggling companies. Butler Machine Tool Company, part of the B. Elliott group, had been working at full capacity for six years, right through the worst recession in *living memory for the industry.* Its heavy duty machines, boring machines and lathes go to a wide range of heavy engineer*ing customers* but not to the automotive industry and this probably explains why it has been able to buck the trend.

Mr. Brian Bailey, Butler managing director, says that the company brought forward its expansion plans and spent more because aid scheme cash was available. The extra money went on more new machines in a *modernisation scheme now costing* £985,000. The grant will be one of £391,000.

Butler will add 25 to 30 per cent to its capacity in volume terms as a result.

It will be two to three years before all the expenditure encouraged by the aid scheme is reflected clearly in the UK machine tool industry's per*formance, particularly as there* were so many last-minute applications. In any case, new product development takes time.

The Department must monitor the situation, mainly to make sure that the companies are spending the State cash in the way they indicated in their applications. But this monitor*ing system should enable the* Government at the end of the day to analyse the impact of the scheme on the balance of trade.

In any event, current investment by the U.K. machine tool industry is at the highest level since 1970, which must be good news for an industry which has under-invested for much of the past decade.

And the good news for the Government is that an industry which was originally suspicious about the scheme became a *whole-hearted convert* and did not want it to end. As Mr. Bailey of Butler Machine Tool commented: "We all complain at times about what the Government has been up to. But the aid scheme has been a very good thing. It has certainly helped to keep a lot of people in work."

MEN AND MATTERS

Why Dalton turns in his grave

Yet another shower of brickbats has descended on Whitehall and *Westminster* about attitudes to our national art heritage by politicians and officials. "*Disastrous decisions*" *and "appalling muddle"* were just two of the expressions used yesterday by Lord Rosse, in his farewell remarks after 22 years as chairman of the Standing Committee on Museums and Galleries.

"Surely the October one will be a big enough gamble for most of us?"

One of the examples Rosse gave was of the Burrell Collection in Glasgow: rats were eating the pictures because there was nowhere to house them properly, and despite letters he wrote to three successive Chancellors of the Exchequer, nothing was done for years. Work has just begun on a building now expected to cost £12.3m. But the Government's contribution has only been made possible by denying funds for other cultural institutions in Scotland. "The biggest scandal *in the museum world,*" said Rosse briskly.

On the Land Fund, which Hugh Dalton set up in 1946 to help preserve Britain's cultural heritage, Rosse was equally severe. He said he had known Dalton and felt he must be turning in his grave at the manner in which the Fund had been treated. The Government *surrounded its contributions for* saving works of art from export with a "a ghastly secrecy" and there was now such a muddle that nobody knew what to advise.

I asked Rosse about the section in the standing committee's latest report, released yesterday, criticising the performance of Whitehall's Property Services *Agency in maintaining* national museums. The report cites the case of the Tate Gallery extension, where the wrong air conditioning was installed and had to be ripped out and replaced at a cost of £500,000. It also complains of having to "grapple with a network of PSA agencies," and contrasts this with the "admirable service" given to museums free to deal with outside architects and *contractors.* Rosse said he was constantly making representations about the PSA. (a government spokesman later *told me that a review of the* way the agency is run has now been started.)

Before leaving *the* Standing Committee's spacious offices in Carlton Gardens, just a gentle stroll across the park from Westminster, I asked Rosse about proposals for encouraging commerce and industry to give more to the arts. He believes that donations should be "unequivocally treated as a legitimate business expense." Was he thinking *of* the U.S. system? "Yes, but more strictly controlled. In the U.S. it has been too open to abuse."

Freshly baked

The Campaign for Real Ale having scored so many palpable hits on the big brewers, a Campaign for Real Bread seems in the offing. The demand for French-style bread on the one hand, and for wholemeal on the other, is rising; but Britain's overall bread consumption is falling, as Spillers never tired of reminding us to explain their £28m bakery losses.

After a year's experimenta*tion, the secret of making crusty* French bread—but with British flour and in British ovens—is claimed to be discovered. Dr. *Norman Chamberlain, at the* Flour Milling and Baking Research Station in Chorleywood, Herts, will shortly be *issuing a report on how to turn* out loaves a Parisian might relish. "The crust must be sharp enough to cut your mouth," says Chamberlain. "The inside must be soft and with a real bready taste."

But when I asked a spokesman at the research station whether the search for ways of making real bread reflected public discontent with the wrapped and sliced factory product found in every supermarket, the answer was a rather *crusty brush off. That could* be because a large part of the funds for the station come from the mass bakery concerns, such as Rank Hovis McDougall.

Radical chic

The class struggle rumbles on, or at least the struggle over *Class Struggle does. The American* creator of the board game of that name, Bertell Ollman, now finds himself in the middle of two battles. His game is the socialist's answer to Monopoly and, as described in this column six weeks ago, his selection to head a department at Maryland University led to a major political controversy. That con*troversy continues, with Ollman* now threatening to take legal steps if a final decision on his appointment is not taken within a week.

But in the meantime, some problems have also arisen over his game, which has been a stirring commercial success. The company which Ollman formed with his friends—and whose profits are to go to socialist schools and journals—has had to make a fresh batch for the U.S. market. The game is soon to be available in seven different languages, while a delegation of British MPs who were recently in New York each took a set home.

The problems, however, arise *over its distribution. The game's* largest distributor, Brentano's Bookstores, is at odds with its employees. They are trying to *unionise some of Brentano's* suburban stores and have been on strike for seven months. They want Ollman to remove Class Struggle from their employers' stores to show solidarity. But the creator of the game, which popularises such ideas as the folly of feeling sorry for capitalists, asks why only he should be asked to withdraw his goods. He says that his business cannot afford it.

Imperial trappings

It was not a royal wedding but still it was an august occasion *in Amman last night.* Hosted by the British Council and under the auspices of His Excellency, Her Britannic Majesty's ambassador, selected guests gathered to hear a lecture on a subject on which, I trust, few *of the dignitaries present* were expert. The title: "Rat control in cities—The Amman Experience."

Roundabout way

An Andorran riddle from my colleague B. R. Ackenhouse:

Q. Why does it take three *Andorrans to drive a screw into* a ceiling? A. One to hold the screwdriver, and two to turn the ladder.

Observer

FINANCIAL TIMES SURVEY
Thursday July 13 1978

Sudan

Sudan's experience in achieving political reconciliation internally should stand it in good stead during President Nimairi's forthcoming year as chairman of the Organisation of African Unity. At home it is making determined efforts to develop its immense agricultural potential.

President Jaafar Mohammed Nimairi of Sudan

Twofold search for unity

By James Buxton

SUDAN IS an appropriate host for this weekend's summit meeting of the Organisation of African Unity. It is the largest country in Africa and among the most linguistically and geographically diverse; it is also, to use a grossly overworked phrase, a bridge between the Arab and Moslem North and the non-Arab and non-Moslem South.

Other countries straddle that crucial religious and cultural divide of Africa, but Sudan stands out among them because of the strong Arab identity of the northern part of the country and because in 1972 President Jaafar Mohammed Nimairi ended the 17-year civil war between North and South with an agreement giving the South regional autonomy.

President Nimairi, a politically nimble, sincere but fairly un-charismatic man, saw the ending of the civil war as only one part of the process of nation-building in Sudan, which he believes his regime's recent reconciliation with the main opposition groups is bringing nearer to completion. He also saw the settlement as giving Sudan a full African as well as an Arab identity — a process which could have its culmination in his forthcoming year as chairman of the OAU.

In practice the nine years of President Nimairi's rule have seen a contest between the competing demands of the African and Arab worlds, and, internally, of the forces of radicalism and conservatism. The initial stages of the May Revolution of 1969, as the Government styles the bloodless military coup which brought the (then) Colonel Nimairi to power, laid the foundations of a major social change designed to shift power away from the traditional ruling groups and to enable more rapid economic development.

Under the influence of Communists and Arab Nationalists a mass party—the Sudan Socialist Union—was conceived, and almost for the first time some Cabinet posts went to men of technocratic background. At the same time Sudan moved closer to its radical Arab neighbours, Nasser's Egypt and Gaddafi's Libya.

But in 1970 Nimairi rejected the idea of union with those countries and concentrated on achieving better relations with Sudan's African neighbours, especially Ethiopia, so that by early 1972 he had been able to end the civil war. And although the Government crushed the Ansar—descendants of the followers of the Mahdi who defeated General Gordon in 1885—in a massacre at Abba Island on the Nile in 1970, the full-blooded radicalism of Nimairi's rule ended fairly soon, helped on its way by the ultimately abortive Communist coup of 1971.

From then on the regime concentrated on trying to effect change through the existing system and set its face increasingly towards development on capitalist lines with a mixed economy. The emphasis in foreign policy switched to attracting aid and investment from the oil-rich Arab States, which alone, it was felt, could provide the bulk of the capital to develop Sudan's long-recognised but relatively untapped agricultural potential. Gradually the concept of Sudan as the granary of the Arab world was formulated, and after the 1973-74 oil price explosion aid began to pour in fast.

But the regime's pragmatism stopped well short of sharing power with the political parties which had dominated the country during the days of parliamentary government before President Nimairi's coming to power. The parties on the Right formed themselves into the National Front, loosely affiliated at times with the outlawed Communists. It was the National Front which tried to overthrow the regime in a coup attempt in September 1975 and mounted a far more violent effort in July 1976 with Libyan and, to a lesser extent, Ethiopian backing. It only narrowly failed and several hundred people died in the fighting.

The July 1976 coup attempt demonstrated the force and determination of President Nimairi's enemies, but also indicated the underlying strength of the regime. There was no popular uprising and the army stayed loyal. Clearly there could never be another coup like it, and the Government was at first determined to press on with its policies, though it took no chances. About 100 Sudanese were executed and repressive measures in force since the 1975 coup attempt were stepped up, with several thousand people imprisoned.

But the need for both internal and external vigilance was a serious strain on the Government at a time when economic problems were increasing, and both sides became aware of the futility of continued confrontation. The first feelers towards reconciliation were put out as early as January, 1977, and the basic terms were agreed at a meeting between President Nimairi and the overall leader of the National Front, a former Prime Minister, Mr. Sadiq el Mahdi, at a secret meeting in Port Sudan in July.

BASIC STATISTICS

		TRADE (1976)	
Area	967,491 square miles	Imports	$S341m
Population (1976)	16.1m	Exports	S$193m
GNP	S£1.49bn	Imports from UK	£92.0m
TRADE (1977)		Exports to UK	£14.2m
Imports from UK	£86.8m	Currency: Sudanese pound	
Exports to UK	£13.2m	£1=S£0.747	

The detailed story of the reconciliation is told in another article in this survey. It has already had remarkable results with the release by now of all political prisoners in the country and a surge of free expression. In elections held in February this year the electorate in the southern region brought about a total change of government, while in polling for the national People's Assembly people previously affiliated to the old political parties were allowed to stand, nominally under SSU colours, and did remarkably well.

But the process is not complete. Partly because the Government has not yet repealed legislation regarded by the opposition as highly repressive, guerrillas and political refugees in camps in Ethiopia and Libya have so far refused to return, as has the second leader of the National Front, Mr. Sherif el Hindi, despite his having reached a separate agreement with the Government.

For all the benefits that the reconciliation has brought, the immediate political scene is highly fluid. It remains to be seen how the Government's concept of the former opposition groups functioning within the one-party system actually works out, and while President Nimairi's manoeuvring has done something to weaken the cohesion of the former components of the National Front he must still be on his guard against dissent among groups—for example, in the core of the SSU and the armed forces — which dislike the course the May revolution has now taken.

An added complication is the fact that the Government is having to take stern economic measures, including devaluing the Sudanese pound by an effective 20 per cent and cutting back on spending, before the less financially astute sections of the population have been able to enjoy the rewards of the development drive.

But perhaps the most important question is whether the reconciliation, while advancing national unity, has brought Mr. Nimairi's regime full circle, so threatening to stultify the process of social change the May Revolution was intended to unleash. As other articles in this Survey explain, long-engrained attitudes to work and technical innovation have hampered economic development, and if attitudes are to change the nature of Sudanese society must adapt first.

The development drive has enhanced Sudan's importance in the world, but also emphasised its economic dependence on the oil-rich Arab States. They have been fairly generous with project aid; through their reluctance to provide balance of payments support they have effectively steered Sudan towards reaching an initial agreement with the IMF on curbing its growth rate and correcting its payments deficit; and they also constitute a serious brake on Sudan's development by draining away some of its best management talent and manpower to their own economies.

Economic dependence on the Arabian oil States has inevitably linked Sudan tightly to the conservative bloc in the Arab world. Sudan has particularly close relations with Egypt, with which it signed a defence agreement after the 1976 coup and has made moves in the direction of unification of the two countries. Mr. Nimairi was a strong supporter of President Sadat's peace initiative and recently made two long journeys round the Arab world in an attempt to reconcile Egypt and the rejectionists and to convene an Arab summit meeting. So far the dream of enhancing Sudan's stature by playing host to both an African and an Arab summit within the same year has eluded him.

But Sudan's most pressing concern is its relations with its immediate neighbours in Africa, where it depends heavily on its own diplomatic resources. Sudan adopted a militant stance towards both Libya and Ethiopia in the wake of the 1976 coup attempt, and early in 1977 Mr. Nimairi openly declared his support for the independence of Eritrea — having long tried to mediate between the Eritreans and the Addis Ababa government.

However, external vigilance proved a major strain, and the terms of the reconciliation required Sudan's taking a more neutral stand in foreign policy. After mediation by Sierra Leone last December, ties with Ethiopia began to improve and around the same time Libya and Sudan re-established diplomatic relations. The Soviet Ambassador, who was withdrawn in mid-1977 after Sudan expelled the last 90 Soviet military personnel, returned this spring, and earlier this year Sudan and Libya co-operated in an attempt to reconcile the opposing forces in their neighbour Chad.

But as Dr. Francis Deng, the Minister of State for Foreign Affairs, told the Financial Times last month, "We cannot always predict what our neighbours will do." The relationship with Libya was soured by the flare-up of fighting, involving French forces, in Chad during May, and links with Ethiopia were imperilled by the increased Soviet and Cuban involvement there and the fear of an Ethiopian offensive in Eritrea.

Sudan cannot be dissociated from Libya's rumbling quarrel with Egypt, and is inevitably concerned at the intensifying Soviet presence in the Horn of Africa, while the recent Left-wing coup in Aden and the assassination of the conservative Head of State in North Yemen have greatly increased its alarm. The re-equipment of its armed forces with U.S., French, and British equipment (paid for by Saudi Arabia) is becoming increasingly significant, and reflects Sudan's stronger links with the Western countries.

Sudan therefore becomes chairman of the OAU at a time when big power intervention in Africa—probably the key issue now facing that continent—is having a crucial impact in at least three of its immediate neighbours—Ethiopia, Chad and Zaire. Its own alignment is conservative and broadly pro-Western. But Mr. Nimairi and his Government believe that African problems can best be solved without foreign intervention; and there is nothing "anti-colonialist" about the Soviet Union; and that the reconciliations it has achieved within Sudan by dialogue could profitably be emulated, through the OAU, in solving other African problems.

Economic strategy gets under way

SUDAN IS experiencing the fastest economic growth in its history. In the past four years the capital, Khartoum, and the neighbouring towns at the confluence of the White and Blue Niles, Omdurman and Khartoum North, have been losing their traditional soporific image and are beginning to bustle with the first traces of prosperity. A few tall buildings are starting to break the skyline, while in the hotels and clubs the talk is of the enormous development projects being carried out at isolated sites in Sudan's immense hinterland.

Yet this is a country going through a very serious economic crisis. It has a big balance of payments deficit, a high inflation rate and a mounting backlog of unpaid debt so serious that it is finding it hard to obtain vital imports such as fuel and pesticides. The main cause of the crisis is the determined effort by President Jaafar Mohammed Nimairi's Government to break out of a vicious cycle of low growth and to realise Sudan's potential. The fact that Sudan is now finding it hard to obtain credit, despite having ample project aid, raises serious questions about how the less developed countries of the world can ever become rich.

Though Sudan had some development successes in the years after independence in 1956, its traditional exports, of which cotton has always made more than half, were not able to earn enough to keep pace with the country's population growth, running at more than 2½ per cent a year. Government expenditure and energy were devoted in large part to trying to end the civil war in the South, and meanwhile this huge country's tenuous communications system—the railway from the interior to the coast and the river transport system—steadily ran down for shortage of spare parts, poor management and labour problems.

The Nimairi Government could only start serious economic development after the end of the civil war in 1972, while it did not opt firmly for a mixed economy until after the 1971 Communist coup—and not before it had nationalised large sections of the economy. From then onwards Sudan has been able to attract growing quantities of aid, especially since the 1973-74 oil price rise which so enriched the Arab oil-producing States.

Dream

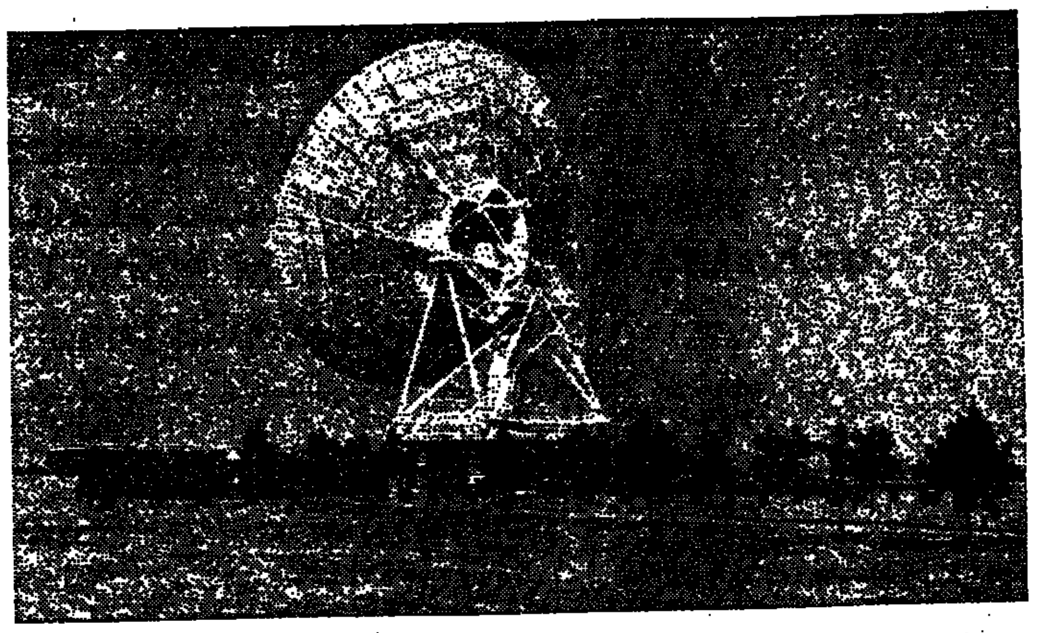
Between Sudan and the Arabian oil States was formulated the concept of investing in Sudan to make it a major food producer for the region (it was, and still is, a major food importer). Spurred by the dream of Sudan as the breadbasket of the Arab world, Sudan's borrowing of all kinds rose from $252m in 1971 to about $1.5bn today.

The intention was to improve the transport system, especially in the eastern part of the country, while at the same time starting a number of productive projects both in agriculture and industry. It was always accepted that any development strategy based on heavy borrowing abroad and at home would produce balance of payments problems, but Sudan went ahead in the belief that short-term support would be forthcoming.

Whereas imports and exports had previously been well-balanced, suddenly imports and invisible payments began rising far above exports (not helped by problems until the past year in selling cotton) and Sudan's current account went into deficit on a large scale. Both in the financial year 1974-75 and 1975-76 (the financial year runs from July to June) this was partly offset by direct balance of payments support from Saudi Arabia, Kuwait and Abu Dhabi, but in 1976-77 and thereafter there has been virtually no programme aid.

The balance of payments appears to have shown some improvement in 1976-77 and during the first nine months of 1977-78 financial year, but although exports showed a definite improvement in the first of those years and although there has been a rising trend in remittances by Sudanese working abroad (shown under services receipts) the balance of payments figures have come to understate the true position. More and more goods and services are not immediately paid for, and loan service payments not met, so these do not show up on the balance of payments.

Instead Sudan has a growing accumulation of unpaid debt. Last August the public sector's share alone is believed to have amounted to $491m, consisting of $230m for loan instalments and interest due, $55m for overdraft facilities abroad by the Bank of Sudan (the central bank) and a further $206m for suppliers' credit, purchases approved, etc. It is generally believed that the current figure totals between $600m and $700m, and this may be a conservative estimate. It seems likely that increasing difficulty in obtaining supplies has led to a slowdown of imports.



Sudan Earth Station, engineered and installed by Page Communications Engineers, a Northrop subsidiary, uses digital communications for telephone, telegraph and Telex.

The balance of payments figures understate the real situation in two other important respects. First, most externally financed development does not show up in the balance of payments because the money is simply transferred from aid donor to contractor or supplier without coming into Sudan. Secondly, since 1974 Sudan has operated a system of so-called nil value imports. Theoretically this is part of a series of incentives to encourage the many thousands of Sudanese working abroad (mainly in Saudi Arabia, Libya and the Gulf States) to remit their earnings.

Where an expatriate Sudanese is involved normally prohibited goods such as luxuries can be imported to Sudan provided foreign exchange outside the country is used. In practice this system has been used to mobilise funds in the external bank accounts held by many resident Sudanese and a busy trade is conducted bringing in goods o nnil value licences, selling them at a high profit, and usually exporting the proceeds by means of the currency black market.

Trade under the nil value system is extremely hard to value but the existence of the system goes a long way (with project aid) to explain the gap of S£130m between the 1977 import figures recorded by the Bank of Sudan in the balance of payments figures (S£246m) and the figure based on customs returns of S£376.5m. The system is one of the main causes of the superficial prosperity of Sudan and of the fortunes made by many merchants, and it enables Sudan to import luxuries that it could not otherwise afford, while the Government gets welcome customs revenue.

The system is also inflationary, because of the high mark-up involved and the shortage, as a result of the failure of the Government's own commodity import system, of many non-luxury goods. The Bank of Sudan is denied access to much foreign exchange that under a different system might have been available to pay for spare parts and fuel more badly needed than luxuries. The system puts more pressure on the economy and leads to more imports of necessities—notably fuel—which must be paid for out of the Bank of Sudan's foreign exchange resources.

Meanwhile development spending, mounting from a mere S£25m in 1971/72 to about S£250m in 1977/78, has had an inflationary effect and led indirectly to more pressure on the balance of payments, though it has produced a growth rate of more than 4 per cent for the last three years. It has been inflationary partly because of the physical bottlenecks and the pressure on the supply of certain commodities such as cement, and partly because to match external funds with local counterpart finance the Government has had to borrow from the Bank of Sudan, since it has not had a sufficient surplus after recurrent spending items have been met. Its total borrowings from this source now amount to nearly S£400m. Any development spending in Sudan leads to further imports of essential supplies in addition to items met by aid donors.

Inflation was reckoned to be running at an annual rate of between 16 and 17 per cent for Sudanese wage and salary earners at the end of the third quarter of last year (the latest figures available) while for expatriates the figure was 23 per cent. Discontent at prices culminated in a series of strikes by public employees last March, and the Government had to pledge to implement its wage reclassification scheme which meant pay rises averaging 15 per cent on July 1.

Meanwhile the balance of payments situation has become so bad that Sudan has found it increasingly hard to pay for essential imports. Iraq, its main supplier of crude oil, has at times witheld supplies to enforce payment, while Kuwait, which supplies petroleum products not made at the Port Sudan refinery, has also been tough. Sudan has had to barter cotton for oil with Egypt to keep the refinery going. Meanwhile it had difficulty assembling foreign exchange to pay for pesticides and insecticides essential for next season's export crops.

The Government persistently argued that it would be politically difficult to slow down the pace of development at this stage when the sacrifice by many Sudanese to the cause of development in terms of the high cost of living had been so great and the rewards of development (at least in the official economy) had yet to flow on any scale.

OFFICIAL DEBT
(Dec. 31, 1977, S£m)

1.	International Organisations	92.2
2.	U.S. and Western European Countries	111.4
3.	Arab Countries	177.1
4.	East European Countries	22.9
		403.6

Source: Bank of Sudan.

Project

The Government also felt that the countries that have provided project aid should have considered the implications of doing so in macroeconomic terms and been prepared to supplement project aid with programme balance of payments aid. But over the last few months the Sudanese Government has come to accept that the oil revenue surplus states would not provide balance of payments support until Sudan decided to put its own house in order by cutting spending and imposing tighter financial control.

Their support was linked, it appeared, to Sudan's acceptance of a reform programme agreed with the International Monetary Fund in return for balance of payments support facilities. The Sudanese Government for long failed to agree with the IMF's proposed conditions, mainly because it did not want to devalue the Sudanese pound. It argued that devaluation would automatically make imports more expensive, thus further raising the cost of living, while having little effect in stimulating exports.

However, since Mr. Nimairi took over the Finance Ministry himself for a few months from last September he appears to have become fully aware of the economic situation and faced up to the need to take unpopular measures to deal with it. From the beginning of this year Sudan started discreetly implementing a "stabilisation" programme, which is privately referred to in some Government quarters as an austerity plan.

It started with the enforcement of an Act that gives the Ministry of Finance far tighter control than it has had before over government payments, so that individual ministries now have to refer to the Finance Ministry even to make payments authorised in their budgets.

The Government began cutting recurrent spending—in a fairly brutal way by simply not paying the wages of some of its staff, for example—and has succeeded in reducing the rate of increase of the money supply to around 23 per cent from 44 per cent in 1976-77. The stabilisation programme was spelled out by Mr. Osman Hashem, the Finance Minister, in his budget in May, when he stressed that it was intended to concentrate on breaking bottlenecks and raising production from existing schemes and plants.

Among its more controversial items is the decision to peg development spending at S£202.8m, compared with about S£250m last year.

On June 9, Sudan announced that it was devaluing the Sudanese pound. The official rate was adjusted from $2.89 to the Sudanese pound to $2.50, a devaluation of about 13 per cent, but the official rate only applies to cotton sales. The rate for most transactions which benefits from a foreign exchange premium / subsidy system dropped from $2.50 to $2, a devaluation of 20 per cent. This is still considerably above both the black market rate and the rate offered officially to expatriate Sudanese, and Sudan still retains its multi-tier exchange rate system.

But the devaluation apparently impressed the IMF, with which Sudan reached an agreement at about the same time. Sudan is to make a first credit tranche drawing of 20m SDRs and obtain an IMF trust fund loan of 30m SDRs. An IMF team is to visit Khartoum in October and according to sources in Washington the way looks clearer to agreement on a standby credit of $130m.

The agreement with the IMF should pave the way for getting balance of payments support from Saudi Arabia and possibly Kuwait (at one point Saudi Arabia was said to be prepared to provide $700m). Senior Government officials have made clear that when the short-term situation has stabilised and Sudan has impressed outsiders that it is taking matters in hand it will seek a formal rescheduling of some of its debts on loans.

But Sudan's economic problems are by no means over. Devaluation raises the price of essential imports such as fuel and food and can only be made to have the desired effect on the balance of payments if it is accompanied by stringent control of the money supply. The Government, through its stabilisation programme, is trying to achieve this but it will not be helped by the wage and salary reclassification operation which amounts to an average pay rise of 15 per cent and is expected to cost the Government about £S40m (out of a total recurrent budget of £S597.5m).

One can trace quite easily the process by which the Sudanese economic situation has deteriorated. But the Government's growing awareness of the problems associated with its economic strategy and the fact that it is slowly but surely tackling them are becoming more obvious too.

James Buxton

هدية من الدكتور

Political system begins to relax

SUDAN'S POLITICAL system seems currently to be in the course of refinement. Although the main government and party institutions will remain in being, the manner in which these institutions operate is likely to change.

The refinement is the latest phase of a longer process of change and development—a process which has been in operation ever since the present institutions were first introduced. The party and government structure was laid down in the years between President Nimairi's coming to power in 1969 and 1972, under the influence of the political groups predominant at that time. Changes in the nature of the political forces supporting and confronting the regime, and consequent changes in the ruling bodies, has resulted in a continuing tendency to reform the basic structure.

The groups which played the leading role in devising the instiutional structure (between 1969 and 1972) were the Mu'aiya Ibrahim section of the Communist Party — which had broken with the main party on the issue of support for the new regime—and the broad and unorganised grouping of Arab Nationalists. The two groupings saw the institutions they were creating as instruments for fundamental social and economic change. The Sudanese Socialist Union (SSU) was to be the dynamic institution at the centre of the whole system, seeking to shift the balance of wealth and power in the country away from the traditional "big families" who for so long had used their social influence to maintain a grip on economic resources. While the SSU would be a mass party rather than a cadre party, particular emphasis would be placed on drawing into the party elements which had shown themselves to be commited to substantive change.

Influence

By the end of 1972 the *Mup'awiya Ibrahim section* of the Communist Party and the Arab Nationalists had both lost influence over the regime. The overriding influence shifted to a grouping of pragmatists. The latter were more concerned with bringing about development within the existing socio-economic structure than with trying to change that structure. The SSU remained central to the political system but the idea was now to attract to the organisation all elements of the population which professed loyalty to the regime. Radical elements would be given no priority, and in practice many of the traditionally influential families of the rural areas found places within SSU bodies.

While this conception of the SSU no doubt made it possible for more Sudanese than before to participate in the political system, the emphasis was still on participation rather than representation. The SSU was still a "top-heavy" organisation—authority and initiative came from the leadership rather than from the membership. A large part of the activity of SSU branches revolved around demonstrations of support for government policy: the lower bodies of the SSU saw little genuine and open debate on government policy: and while there were occasions when initiatives taken in the lower bodies led to changes in government policy, such cases were few. The practice of filling a large number of the places in the top organs of the SSU by presidential appointment emphasised the top-heavy aspect of the organisation and inhibited any genuine contest—either of ideas for governmental adoption or of individuals for leadership positions.

The change now envisaged would involve placing greater emphasis on representation, making the SSU an open forum where governmental policies could be genuinely debated, contested and determined by majority vote, and where the leadership of the party (therefore ultimately the national leadership) would emerge by free election

On several occasions in recent years there were indications that the President was prepared to see the creation of a more open political system. It is unlikely, however, that so far-going a change as that now envisaged could have come to the point of fruition without a new factor on the political scene—the possibility of drawing the opposition National Front into acceptance of the regime. To understand the nature of the change now being discussed, therefore, it is important to examine the demands which the National Front have made in return for the abandonment of their struggle.

Following the failure of the major coup attempt in July 1976, the National Front (grouping together elements of the Umma, Democratic Unionist and Muslim Brother parties) was led to reconsider its strategy. A policy paper drawn *up within the National Front* after July 1976 stated that while the regime as a whole was characterised by totalitarianism, it did nevertheless possess some positive aspects. These aspects could constitute the basis for reconciliation, provided the system could be democratised. They constitute elements of a consensus—a consensus which may help to stabilise Sudan's political system.

The presidential form of government; the regional autonomy arrangement for the Southern Sudan; the economic strategy giving priority to agricultural development within the public sector; the attempt to strengthen the Islamic element in legislation: and the rejection of multi-party liberal democracy were all regarded as positive. These then are aspects upon which consensus exists among Sudan's major political forces, with the single but significant exception of the Communist Party.

The acceptance of the regional autonomy arrangement for the Southern Sudan is perhaps the most important item in the consensus. As the Communist Party also accepts (and indeed first proposed) the structure of autonomy, the South is now no longer an issue in national Sudanese politics .

The policy paper went on to discuss the negative aspects of the regime. These were that the SSU was a narrowly based instrument of government policy, permitting no genuine freedom of discussion or competition for leadership; that personal liberties were severely restricted: and that legislation made it possible for arbitrary action to be taken against individuals on supposed grounds of security. When the first contacts aimed at reconciliation between the National Front and the regime took place in January 1977 (a meeting *in London arranged by two* Sudanese resident outside Sudan), these were the issues on which the National Front demanded change.

On July 8 1977 Sadiq al-Mahdi, the overall leader of the National Front, flew to Port Sudan for a meeting with President Nimairi. The meeting resulted in an eight-point agreement detailing the changes in the political system to which President Nimeiri would agree in return for the dissolution of the National Front. The existence of any such agreement was denied at the time (albeit widely suspected), but has been revealed to the writer by Sadiq al-Mahdi in a recent interview. As the agreement sets out the framework for change, encompassing the objectives which the National Front leaders are still pursuing, the eight points are worth stating.

- All political prisoners shall be freed, and a general amnesty declared for those charged with offences connected with political activities.
- All actions taken against individuals involved in the political struggle (confiscation of property, dismissal from *civil service position, etc.) shall* be revoked.
- The structure and operation of the SSU shall be reviewed, with a view to opening its bodies to election at every level and permitting government policies to be freely debated and decided by majority vote.
- The constitution shall be revised so as to ensure greater protection of individual liberties.
- Greater emphasis shall be given to neutralism in Sudan's foreign policy.
- Laws restricting personal liberties (primarily the State Security Act) shall be revoked.
- The local government structure shall be reviewed so as to remove the negative aspects of it, especially with a view to cutting down the vast expenditure of resources in this field.
- The prejudicial attitude to members of the Ansar sect should be revised, mainly by issuing a statement of regret at the death of the Imam al-Hadi in 1970.

The agreement was accepted at a meeting of the National Front executive held on July 14, 1977. This then was the framework of change which the National Front leaders demanded, and which President Nimairi accepted.

Problems

The process of implementing the agreement has created problems. The National Front leadership itself became split on the issue of implementation. Sadiq al-Mahdi was prepared to return to Sudan and work from within the system, immediately the release of political prisoners was under way and the amnesty announced. He believed that pressure could best be exerted from within. A faction of the Front, led by Sherif Hussein al-Hindi, insisted, however, on staying outside and continuing to oppose the regime until a formal agreement had been signed and most of the basic changes implemented. While they did not oppose Sadiq's return, conceiving it as the opening of negotiations between the Government and the Front, they became increasingly bitter towards Sadiq as the lack of progress towards implementation became apparent.

That both wings of the Front *still accepted the framework* laid down in Port Sudan is, however, clear from subsequent developments. At the beginning of April Sadiq al-Mahdi addressed the central committee of the SSU, calling for nine basic changes in policy and organisation. The changes related to the points agreed in Port Sudan. On April last Sherif al-Hindi signed an agreement with government representatives which outlined the changes which the government would make and the guarantees it would give in return for the dissolution of the National Front. Again, this fitted within the framework laid out in Port Sudan.

What progress has been made then towards creating a more liberal and open political system?

Political life in Sudan has become more relaxed. The release of political prisoners and the amnesty began to take effect in July 1977, and the process seems now to be virtually completed. A large number of previous exile opponents of the regime have returned to Sudan. A number *of prominent returnees are now* working within the regimes institutions.

These developments have naturally encouraged people to be more open in the expression of their views; there is a realisation that the expression of critical opinion is no longer likely to lead to government reaction. Moreover, many of the *individuals newly released from* prison or newly returned home have bases of authority outside of the regime, resting on previous political organisation or on social position. Such people are unlikely to be cowed into tame acceptance of government policy.

As a result of the new confidence which people feel in expressing critical opinions, and in reflection of the Government's new approach, a more genuine debate than before takes place within the People's Assembly. Members have recently expressed some harsh *opinions on government policy,* especially in the economic sphere.

The more liberal atmosphere has also affected the Press. Newspapers have opened their columns to articles which evaluate, rather than simply justify, the policies pursued. Press freedom is of course still incomplete. The editor of the National Front's exile newspaper has not as yet been granted permission to publish his paper in Sudan. Nevertheless a move towards liberalisation has been made.

Evidence

The People's Assembly elections in February provided further evidence of change within the political system. Although all candidates still had to be supported by the SSU, and none could identify himself with a party label other than that of the SSU, many constituencies saw a contest between candidates whose differing political persuasions were public knowledge.

Evidence for this can be found in the composition of the new Assembly. Of the 225 elected members about 30 were closely connected with the Umma Party before 1969, at least 30 were closely connected with the Democratic Unionist Party, about 20 were associated with the Muslim Brothers, and about 10 were associated either with the Southern Front or with SANU. The proportion of the Assembly made up by members with a known political record before 1969 is considerably higher than in the old Assembly.

It might seem that multi-party tendencies are again coming to form the focus of Sudanese politics. This, however, *may not* be so. The Government believes that previous party allegiance is not crucial, and that those who are now working within the system have revoked their past partisanship. The very act of working within the current institutions, it is contended, creates a mentality in which previous party allegiance becomes irrelevant.

In spite of the progress towards liberalisation, the National Front leaders remain dissatisfied—mainly because no substantial change has yet materialised in the legal sphere. They believe that the process is being held up by elements within the regime hostile to the trend of events. Although prospective dissolution of the Front was announced in the *agreement of April 11,* therefore, the Front does still exist.

Sherif al-Hindi will not be returning to Sudan until more progress is made. While the Government has prepared for National Front supporters housed in camps outside of Sudan to return and obtain employment in agricultural communes, Sherif al-Hindi appears to be discouraging the repatriation. Significantly, Sadiq al-Mahdi and Sherif al-Hindi have reconciled their own major differences and now appear to be agreed on the priorities for bringing about change.

It is unlikely that the process towards creating a more open political system will be impeded. It seems clear that President Nimairi is convinced *that he can strengthen the* system as a whole and his own position by broadening the basis of support. There is evidence, moreover, that substantial sections of the army leadership are encouraging the development.

The ultimate political question which remains unanswered is whether the development of the political system in the direction now envisaged will create a framework within which the wider socio-economic problems of Sudan can be solved. Some may question whether a liberal consensus system can bring about the big changes of attitude and approach which may be required. Failure to cope with the problems facing the *country would encourage* support for those elements which remain outside the reconciliation.

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Oil discoveries still unproven

ABOUT TWO months ago the hard-pressed Sudanese public received what appeared to be the best news for years. Newspapers in the Gulf and Beirut reported that an enormous oil-field had been discovered in Sudan. Soon, they said, Sudan would be one of the biggest oil exporters in the world. One paper went so far as to say that Sudan would be able to produce at the rate of 15m barrels per day—3-4m barrels per day more than Saudi Arabia's capacity.

The reports lent a new dimension to Sudan's oft-proclaimed "potential." In addition to its agricultural wealth it was, it seemed, a country in which one could discover in just a few months after drilling only two wells about as much oil as Saudi Arabia has found in more than four decades.

Oil is an emotional subject in the Middle East among those few Arab countries that have not yet discovered any. Indeed such is the distorting effect of the oil boom on the economies of Arab countries that the non-oil producing states often feel that only a major discovery will give them a real chance to develop their economies.

Against this background the Sudanese Government, in the quoted statements of President Nimairi and other senior officials, has handled the oil discovery issue responsibly and done little to raise hopes higher than the known facts merit. Oil has been found in Sudan, as Mr. Nimairi said in a broadcast on June 12. But so far it is not known if it exists in commercial quantities.

Chevron has been exploring for oil in Sudan for several years. In co-operation with Texaco it drilled three offshore wells in the Red Sea in 1975-76, encountering natural gas in two of them, the third being dry. The companies considered the size of the gas deposits not large enough to justify production, and relinquished their concessions.

Concession

Meanwhile, Chevron, as sole operating company, was investigating a vast concession area, about the size of California, stretching across the south-west of the country encompassing much of the White Nile and Bahr el Ghazal basins and the notorious Sudd swamps. Having outlined a large sedimentary basin, the first well (named Baraka) was drilled late last year about 50km south of Muglad in South Kordofan province. The hole was dry, though encouraging stratigraphy was encountered.

The rig was then moved to a location about 250 km away, north of Bentiu in Upper Nile province (in the Southern region), where the Unity No. 1 well was sunk to a depth of 14,483 feet. Oil shows were discovered which Chevron described as "very encouraging." Some weeks later, after laboratory analysis, the Energy Minister, Mr. Mamoun Abu Zaid, said: "The results of the laboratory analysis proved high quality specifications promising excellent crude oil." There was no mention of oil being in commercial quantities, however.

After casing the Unity No. 1 well the rig is to be moved 130 km south to Baang, where another well is to be drilled. Meanwhile a second rig is drilling a well about 100 km south east of Muglad. The programme is expected to have cost about $60m by the end of this year.

The drilling programme is taking place in some of the most desolate and remote terrain in Africa. The supply base at Muglad is about 1,400 km as the crow flies from Port Sudan, and drilling is being carried out in areas that are waterlogged or flooded (and deserted by their nomadic population) for seven months of the year. Chevron has built about 20 airstrips, dug countless water wells and constructed hundreds of kilometres of graded road. Some of the drilling equipment has to be moved within the area by helicopter after arriving by rail and/or barge.

Chevron is financing the exploration but has a payback schedule on its investment if oil is found and would thereafter share the profits with the Government—the Government will take between 70 and 75 per cent, depending on the size of output, and the company the remainder. The rewards could be high but oil would have to be found in substantial quantities to justify the cost of producing it and transporting it to the Red Sea. Bechtel, the U.S. company, has already made a preliminary study of the route for a pipeline.

If sufficiently large oil reserves are proven such as to make production viable and development begins, then Sudan should be able to borrow relatively easily to solve its short-term payments problems. When oil eventually flows Sudan's economy could take a different shape, but it should be remembered that revenues would be shared among a relatively large population with great development needs. President Nimairi has said that oil, a wasting asset, should be considered supplementary to Sudan's lasting natural resources—its land, people, water and agriculture. "It must be used as a tool to develop these resources, not as a reason to abandon them," he said on May 24.

J.B.

A good season for cotton

EVER SINCE the first Europeans dreamed of irrigation of the Gezira, the Sudan has seemed pregnant with the greatest agricultural promise in Africa. Long and painful gestation continues to this day, a torment alike to the country's citizens and its friends.

The history of that torment is principally one of cotton—of how unexpected difficulty in the production of long, silky Egyptian-type cotton was not convincingly overcome until demand for such fibre was just being inhibited by man-made substitutes, and of how the vagaries of the market have since frustrated progress at almost every turn. To one who in the past has frequently been critical of Sudanese marketing tactics it is therefore a particularly pleasant duty to record a period of well-deserved success.

British patents for Terylene, the first polyester fibre, were issued in the early 1950s. At that time Sudanese long-staple cottons were emerging increasingly as competitors to those of the Egyptian Delta. A total of 310,000 bales was produced in 1951-52 (when Egypt produced nearly 2m), and as much as 1.171m in 1961-62 (Egypt 1.812m). Secure markets had been established in Western Europe, India and Japan, and new interest, then without political implication, was developing in the Eastern bloc.

The success of the Gezira scheme was evident for all to see. The largest single farming enterprise in the world was expanding still further; with cotton as its principal cash crop. The three-fold sharing of its proceeds among the tenant farmers, the Government and the managing body, the Gezira Board, worked apparently to the satisfaction of all. Ancillary producing schemes were begum elsewhere, and numerous lesser schemes, the private estates, came into being.

Although internal marketing of the Gezira and other ancillary crops was at that stage achieved by public auction, export sales were entrusted to a private, and largely expatriate, merchanting community. This was centred on Khartoum but owed much to its connections with the European traders.

Inevitable

Once the Sudan achieved independence, it was perhaps inevitable that the private exporting system should attract criticism, particularly when selling prices were thought inadequate. As long-staple cotton came under greater pressure from the man-made fibres, the intensity of such criticism increased. Nationalisation of the private producing estates was followed in 1970 by nationalisation of the entire marketing system, with just four separate Government-sponsored companies operating under the aegis of the Cotton Public Corporation, upon whose behalf they negotiated contracts.

Although its advent must have given deep political satisfaction, the corporation's commercial performance was for some years a disappointment. The success of Egypt—whose cottons were, it must be conceded, intrinsically somewhat superior—exposed with depressing regularity the extent of Khartoum's isolation from the market.

All too often attempts to withhold supplies in anticipation of a price increase proved ill-advised, all too often the volume of exports could be maintained only by dint of bi-lateral transactions with the Eastern bloc. Such transactions gravely restricted the selection of goods that could be bought with the proceeds, a disadvantage often lamentably apparent in the quality of capital equipment bought for an economy sorely in need of the best.

It was during this period that Western bloc traders urged on Khartoum the desirability of producing ordinary American-type or upland cotton in preference to long-staple. From Russia, anxious to maintain the allegiance of what had become virtually a client State, came contrary advice. Among the earliest evidence of President Nemeiri's disillusionment with Russian motives was the Sudan's rejection of that advice.

The excellent acala strains of upland cotton which have for many years been the principal varieties of California had for some years been grown with some success in the lesser irrigation schemes. These strains were adopted for all new land brought under irrigation, despite some misgivings among farmers. Properly cultivated, they will yield so heavily that the abundance of fibre will compensate for the generally lower level of price commanded by an upland as opposed to a long-staple variety.

But they are less forgiving ofneglect. Once set back by failure to observe the recommended sequence of water and fertiliser application they will not, as will the long-staple cotton respond good-naturedly to remedial measures. There was thus some disinclination among experienced growers to accept the more rigid disciplines demanded by these newcomers.

The marketing of Sudanese long-staple cotton now proved an arduous task. In most seasons Egypt and its lesser competitor Peru committed their entire output, and Khartoum occupied the ignominious position of "residual supplier" of the world's needs.

The 1972-73 season witnessed the unprecedented boom which carried prices of cotton, as of most other commodities, to unimagined heights. But Khartoum, pursuing the mirage of still greater recompense for the lean years, carried much of its stock into the ensuing slump. There followed two more season's of struggle, during which acreages under cotton even in the Gezira itself were cut back, both to release land for food and to prevent accumulation of long-staples.

This was perhaps the nadir of

CONTINUED ON NEXT PAGE

SUDAN V

Land resources in abundance

OAD BRUSH strokes on the ture of agricultural develop- nt reflect the way Sudanese their country. They have ome accustomed to hearing erlatives in descriptions of expanse of their land and its potential: largest in ica, ninth largest in the rld, abundant unused land, waters of the Nile. So it is surprising to find that pro- ts for exploiting Sudan's al resources tend to follow same descriptive pattern. An icultural project which can- be ranked for size among world's top ten tends not merit mention. And some- es it is assumed that big adlines mean the automatic plementation of a project.

But vast tracts of rich land not yield automatic harvests. ner countries with compar- e endowments of land and ter have in the past become idles of civilisations. Natural inty is not enough. Indeed, terms of per capita GDP, and terms of economic and social rastructure, Sudan ranks iong the world's poorest intries.

Although today agriculture minates the Sudanese inomy, accounting for some 40 r cent of GDP and contribut- over 95 per cent of the total export revenues, Sudan has deep agricultural tradition. the past, until well into the h century, the major life- staining activity of the rious communities making up danese society has been pas- al nomadism with an associa- l scratch cultivation. There s a classic subsistence econ- y, and the society has never en noted either for strongly veloped economic motivation for entrepreneurial flair. Of irse, the enormous distances volved and the remoteness of dan from large markets have gether played a part in in- iiting economic growth.

The early years of the 20th ntury saw the birth of plans harness the waters of the le for regular sustained irri- tion and for the development a cash economy. The comple- n of the Sennar dam on the ie Nile in 1924 permitted the igation of the flat lands ween the Blue and White es south of Khartoum known as the Gezira. The Gezira scheme had been very carefully planned over the course of a number of years. In addition to the building of the Sennar dam and the construction of the associated irrigation channel network, the project involved a complex interrelated series of plans for new land tenure systems, management and husbandry, agricultural extension services, financing, marketing and the social welfare of the thousands of families settled in the Gezira.

Cropping patterns have varied over the years, but broadly it can be said that one-third of each plot was to be planted with cotton, one-third with food and fodder crops and one-third left fallow. The Government would buy the cotton, and the plotholder was free to dispose of his other produce to suit himself.

The scheme was successful and revolutionary in that it transformed the basis of Sudanese agriculture. By the end of the 1960s it was estimated that in one way or another, in addition to involving employment (as tenants, members of tenants' families, labourers and general employees) for about 600,000 people, the scheme with its extensions was contributing 30 per cent to GDP, and providing 35 per cent of export earnings.

Model

The Gezira scheme was important, too, in that it provided the model for future agricultural projects, especially irrigated projects. It was proudly described as the largest farm under one management in the world. It was politically acceptable in that it was obviously neither plantation nor collective. Above all, it worked.

So it was only reasonable that, when the prospect appeared of Arab money being made available to supply the hitherto missing capital input, Gezira would form a model. The Rahad project, a marrying of Sudanese basic resources with Arab money and Western technology, is a logical extension of the Gezira experience.

Formally inaugurated by President Nimairi on December 5, 1977, with the Koranic quotation "And the land comes alive," the first stage of the Rahad agricultural project makes available 300,000 feddans (126,000 ha) of hitherto uncultivated land. Initially planned to cost $125m when conceived in 1972, the cost of the scheme so far is $346m, of which $93m is Arab money, $62m an IDA soft loan, $11m U.S. AID, with the Sudanese Government providing the balance as the local currency element.

Described as "the second biggest farm in Sudan," Rahad could become an important additional foreign exchange earner, especially from its medium staple Acala cotton. This is an innovation: hitherto Sudanese cotton exports have been largely of long staple varieties. National policy now is to change to the medium staple types, which have a readier market internationally because of the ease with which they may be blended with man-made fibres.

There is no reason why the first stage of the Rahad scheme should not achieve the overall objectives expected, nor the second stage, a further 500,000 feddans (210,000 ha) ultimately be implemented. But the implementation of Stage 1 suggests that such projects cannot be hurried and that they demand top quality management. For understandable—if not altogether prudent—reasons, it was thought desirable to glean the maximum public relations advantage from the Rahad inauguration. Resources were strained to get a crop planted and harvested. It was hoped to plant 150,000 feddans in the first growing season, but in fact only 116,000 were planted. The reasons for the shortfall are the epitome of Sudan's current economic problems: cement was in short supply, so essential buildings could not be finished on time, fuel oil and spare parts were in short supply so that essential vehicles could not move.

Then, at harvest time, sufficient additional labour could not be found in time and much of the crop was harvested too late. It was also found at harvest time that the insecticides used to combat pests had not been completely effective. The result was a disappointing, even a poor harvest. And, in the words of one of the engineers working on the project, the haste to get dramatic results in the first year has cost progress in the second year.

Yet vast acres which have never yielded cannot be expected to bloom profusely overnight. Provided that the management of Rahad, and the Government, take a long view, and do not seek the bubble reputation of instant results, Rahad can be expected to be as much a model for the first years of the 21st century as Gezira was for the middle years of the 20th.

Irrigated agriculture forms only part of the overall Sudanese rural economy. And Government schemes are matched by private endeavours. Just as cotton is the principal product from irrigated lands, so are the other important cash and food crops, groundnuts, gum arabic, sesame, sorghum and millet the mainstays of rain-fed agriculture.

The main Sudanese Government agency for promoting rain fed agricultural development is the Mechanised Farming Corporation, set up in 1968 after some prodding by the World Bank to act as an institution through which Bank lending could be deployed. The MFC set up a number of state farms, beginning in 1969. These farms had a dual function: first, they were to be well managed, economically viable units themselves, and second they were to be models for private sector emulation. The MFC offers loans to prospective farmers for land clearance and the purchase of machinery, on condition that it have a say in the management of the new farms being established.

The World Bank, acting through the MFC, has so far sponsored 600,000 feddans (252,000 hectares) of mechanised agriculture in rain-fed areas. The current six year development plan calls for the farming of a further 4m feddans (1.68m hectares) by mechanised methods. The great attraction of the mechanised farming approach in those areas of Sudan where there is sufficient rainfall is that it is very much less expensive than irrigation.

Virtues

Apart from obvious considerations of added value and return on investment, a comparison of the relative virtues of investment in irrigated or rain-fed agricultural development schemes is far more complicated than the bare figures might suggest.

Indeed, some of the consequences of a too rapid introduction of mechanised farming are becoming so alarming that the World Bank is making a condition of further loans a much tighter control of husbandry. The trouble with mechanised farming is that it seems so easy. Ploughing, harrowing, weeding, harvesting by traditional methods was slow and laborious. But at least trees and ground-holding undergrowth were not disturbed, and shallow ploughing meant that wind erosion was never a serious problem. But put a man on a powerful modern tractor and he can do the work which previously took days or weeks in hours, knocking down trees and bushes as he goes.

Street market in Khartoum.

Further, the apparent ease of results for the first crop means that the process is continued year after year, without fallow, rotation or fertilisers.

Very soon there is increased wind erosion and increased dryness in the soil as the roots of essential stabilising plants are destroyed. Instead of sowing the seeds for next year's crop, farmers are sowing the seeds for the next decade's creep of desertification. The problem is now fully recognised, and it is not too late to take firm corrective action.

The ill effects of inadequate controls of mechanised farming is a contributing factor in the fall of Sudan's ground-nut production. Although Sudan still occupies fifth place internationally among groundnut producers, Sudanese production, and the Sudanese share of the international market, fell in 1977. The correcting of this trend is important if the ambitious plans for Sudanese agriculture over the course of the next few years are to be realised.

Not all agricultural development schemes in Sudan are Government sponsored. Among international private sector schemes are the Seleit beef and mutton producing scheme and the enormous Damazeun dry farming project. The Seleit agro-industrial project is a $45m 14,000 feddan operation located some 20 km from Khartoum. It is owned by three Sudanese families, with 67 per cent of the equity, the International Finance Corporation and Guinness Peat International, which is manager of the project. Cattle and sheep will be bought by agents in the countryside from local drovers and herdsmen, fattened in feedlots, slaughtered in the project's own abattoir, chilled and airfreighted to Saudi Arabia.

There is major Saudi Arabian involvement in the Damazin scheme, where Prince Mohammed bin Faisal, son of the late King, is the largest investor in a project which aims to develop up to 821,000 feddans for livestock and arable production on the Blue Nile some 600 km south of Khartoum. Dalgety Agricultural Development International is to manage the first phase of the project, which began early this year.

Cliches

Agricultural projects in Sudan have to be considered without the distorting perspective of two ideas which have become almost clichés. The Kenana sugar scheme, "the world's largest sugar plantation" will begin production next year, but there does not seem to be any way for it to sell its sugar production at a price which will begin to give an economic return on the capital invested in the project. Other sugar projects, large in concept, have not yet begun to contribute to foreign exchange earnings.

As to Sudan becoming "the granary of the Arab world" within a few years, and thus becoming an insurance of food supplies in the event of an economic confrontation with the industrialised nations, full realisation of this extremely ambitious plan will require far more management expertise and advanced technology than so far seem to have been deployed. That Sudan has great agricultural potential is undeniable. The time scale for the optimisation of this potential should be measured in decades, if not in generations, rather than years.

John Townsend
Editor, Near East Business

Cotton

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danese experience. Cotton igested all available storage t at a time when its quality came under general criti- m. The wonderful ginning ilities (by which fibre is ached from seed) had, it was ely asserted, been shamefully glected. Fine trash that was rave impediment to spinning s in consequence accompany- the fibre into the bale. irse still, basic insect-control asures were overlooked in the ds, and Sudanese cotton quired an unenviable reputa- n for adhering to spinning chinery.

Within the course of two or ee brief seasons much of this uble has been overcome, and artoum has taken full vantage of temporary changes the market. It has been ped, one must admit, by the atly reduced competition m Egypt. The horrifying in- ase in that country's popula- n, and the rise in its domestic d prices, have put great essure upon its limited land ources. Its production of ton has therefore fallen istically. Output in Peru has ewise been disappointing.

owings

Cotton in the Sudan is nted during August; picking gins the following January, itinuing for some weeks. nically, the first sharp reduc- n in long-staple sowings, in 75-76, coincided with a scrable growing season and normally low yields. Long- ples became a lessening rden, but Khartoum wisely tricted sowings even further 1976-77, devoting almost as ich acreage to upland cottons, ich were selling with little ficulty.

World prices for all cottons e sharply that winter, with e result that marketing posed v difficulties. Much of the g-staple crop was bought eculatively by the inter- tional trade. It was to prove unrewarding exercise.

From March to October 1977 rld cotton values fell by nost 40 per cent. Economic certainties and a glut of man- de fibre were depressing off- e for cotton yarns, particu- ly in the finer types. Egypt rvested an exceptionally all crop, but the trade hold- s of Sudanese staple styles netheless proved difficult to market. For the first time the Sudan planted more upland cotton than long-staple, even allowing the former into the Gezira itself.

It was inconceivable that this much larger prospective upland crop would quickly find buyers. However, Khartoum began forward sales (in advance of the harvest) of such cotton as early as January and made steady progress. The commencement of sales in the long-staples was delayed until May so that the volume and quality of the crop could be assessed with some accuracy.

World prices had recovered slightly since the previous November, but were still by no means high, and the international trade's earlier purchases of old crop were still weighing heavily on the world market. With a delicacy worthy of Egypt itself, the Sudan ascertained that many Eastern bloc buyers were in need of cotton as substitute for Egyptian, and would pay, in convertible currency, about 12 per cent more than they did last season. The initial selling prices were set at just that level, and the enthusiastic entry of Eastern buyers into the market enticed Western traders to add impressively to their holdings.

Within a few days Khartoum had sold over 330,000 bales of staple cottons, divided almost equally between East and West. Since the balance of the crop will be mainly of the very popular lower grades, its disposal should present few difficulties. As all but 128,000 bales of the upland cotton have already found buyers, the current situation could scarcely be bettered.

Moreover, the Sudanese domestic textile industry is at last expanding rapidly. Its consumption of cotton will probably reach 100,000 bales of upland styles and 40,000 of long-staples in the current season, and will continue to rise. Expenditure on textile imports will thus decline sharply. Oil may indeed now offer the principal hope of quick emergence from the country's daunting financial difficulties. It is no less heartening to observe that far from adding to those problems, cotton is unquestionably at last lightening the burden.

John Garner
Editor, Cotton Outlook

Development bottlenecks

SUDAN HAS decided not to start any major new development projects for the next year or two and will instead concentrate on completing existing schemes and on clearing the infrastructure bottlenecks which still bedevil the economy. Though the decision was anyway essential to bring the balance of payments back into equilibrium and to ensure that investors are not discouraged by the short or medium-term problems of development in Sudan, it also provides both Government and outsiders with a pause during which they can assess what has been achieved so far and consider what the next priorities in development should be.

After the initial euphoria, in the wake of the 1973-74 oil price rise, about the concept of Sudan as the breadbasket of the Arab world, attention has lately focused on the delays suffered by development projects and on the immediate economic problems that development has caused. In one sense this is welcome realism. The breadbasket concept may have raised expectations too high and given an impression that far more was happening in Sudan than was actually the case—the distinction between a project being considered and being implemented or completed became blurred, to say the least. But the critical and rather negative look at Sudan's development programme has also tended to obscure the extent of what has already been achieved.

In , 1971-72, when the development drive began with the ending of the civil war in the south, Sudan spent only about S£25m on development. Six years later, in 1977-78, some ten times as much—S£250m—was invested.

Whereas its total outstanding debt (including aid, trade credits and short-term loans) was $252m in 1971 and $312m in 1973, it reached nearly $440m in mid-1974, $778m in mid-1975 and at least $1.13bn by the end of 1976. Last year alone Sudan attracted nearly $300m in aid and loans (giving the lie to reports that the country has stopped attracting project aid).

Disposing of the money has been constrained by the inevitable problems of absorptive capacity and Sudan has not followed any single plan. But in addition to rehabilitating and laying the foundations for development in the devastated Southern region, Sudan has pursued a number of major objectives.

One has been to improve the transport infrastructure, concentrating initially on the eastern and central part of the country.

Sudan has aimed at reaching self-sufficiency in food, especially in the production of wheat. It has ambitions to become an exporter of sugar, and to reduce dependence on imported textile products by developing its own textile industry using Sudanese cotton. It has also tried to increase the output of traditional export crops such as cotton, sesame and groundnuts.

Work on all these objectives is underway, though the success achieved has been uneven. On the infrastructure side, while the main road network to the coast should be completed by the middle of next year, little progress has been made in raising the efficiency and capacity of the railways, which still offer a potentially more economical method of transport in Africa than roads. The petroleum products pipeline between Port Sudan and Khartoum came onstream in 1977, a year late, and has operated at only half its capacity since. It is now going to have to be shut down for a time for major repairs.

Air transport has deteriorated and it is now more difficult to fly round the country by Sudan Airways than it has been for several years, partly for lack of equipment but partly also because of bad management. Little has been done to improve river transport.

Agricultural production has recently been increased with the coming onstream of the Rahad irrigation project—a successor to the Gezira scheme on which Sudan's prosperity was founded but using more sophisticated technology. The first 300,000 feddans are now becoming available for cultivation and the second phase of the project envisages extending it by a further 500,000 feddans.

There has been some progress in mechanised farming although the problems of erosion and desertification are alarming. Two livestock schemes are getting underway—and in sugar production two factories of the State Sugar Corporation at Sennar and Hagar al Asalaya are coming into operation, while the Kenana Sugar Company, whose troubles have been much documented elsewhere, should come into operation next February. There are many other projected schemes but they have yet to solve the problems of finding and mobilising finance.

Disappointing

Industrial development has mostly been disappointing. Little has been achieved in improving the generally ill-conceived plants built during the 1960s. There has been uneven progress in textiles, with the private sector achieving some successes. In the public sector one of the main achievements, the building of six weaving sheds in different parts of the country, now nearly complete, is undermined by the very slow progress in building the spinning mill at Haj Abdullah in the Gezira from which they should draw their yarn. An integrated spinning, weaving and finishing mill at Hassa-Heissa, built by the Chinese, has been in production for some time now.

Despite the serious shortage of cement from which the country has suffered for the past few years, and despite a great deal of talk, no new cement plants are yet under construction and work is only now beginning on trying to raise production from the country's two existing plants.

In the next two years Sudan intends to concentrate on clearing up the loose ends left over from the past years of development. It intends to make a determined effort to improve the railways. It wants to raise production from existing plant and agricultural schemes and concentrate on completing those in progress, so that it can begin to get large foreign exchange earnings and savings from its investment.

Several lessons are being learnt from the development experience of the last six years. The first is the need for more concerted planning and better control of development activity by government. Planning in Sudan has been haphazard and projects have tended to be selected on the grounds that finance has been available rather than that the project had a place in any overall plan at the time. Conversely, other projects for which there has been an obvious need and for which in many cases finance has been available — such as a number of cement projects — have been obstructed for unexplained reasons.

As it is, in the rush for development, projects have competed with each other for scarce resources in whose allocation there has been no clearly thought out list of priorities.

Some responsibility for lack of co-ordination must lie with aid donors; by pouring project finance into the country they have allowed development to proceed at a galloping pace without pondering the consequences for the balance of payments. In other cases they must take the blame for ill-designed or inappropriate projects. But the ultimate responsibility lies with the Government, which decides what projects should go ahead.

Only recently has the Ministry of Planning acquired the power to oversee the whole development effort and so far it does not have the staff to enable it to fulfil its role of sorting out overlapping projects and allocating resources properly. In both the projects largely run by expatriates and smaller private sector ventures managed by Sudanese the achievements have often been almost heroic considering the administrative and physical problems.

If the problem of creating an administrative structure to oversee development in Sudan is now being tackled, a far deeper problem of manpower resources remains. It comes in three forms. First, education has hitherto placed too much emphasis on arts subjects and not enough on either technical or managerial subjects. As a result many Sudanese are highly educated and make excellent analysts of problems in academic sense but are less good at providing the drive and the management ability to solve them.

A second facet of the manpower problem is the brain drain to Saudi Arabia, Libya and the Gulf States, which has accelerated in the past four years, helped by the lure of higher salaries and the prospect of assembling enough capital to buy a good house in the capital area for the eventual return home. Inevitably it is the more able and more ambitious who go abroad, leaving Ministries and State corporations bereft of administrative talent and men prepared to make decisions, depleting the ranks of Sudanese professionals such as doctors and engineers, and soaking up Sudan's relatively few skilled labourers such as plasterers, plumbers and mechanics.

The third facet of the manpower problem is that traditional attitudes in the Sudanese establishment have yet to be much altered by the development drive. The State bureaucracy, boosted by the nationalisation of many companies in the early days of President Nimairi's regime, now numbers about 400,000, compared with about 176,000 just over a decade ago.

Here there is gross overstaffing and little sense of co-operation either within departments or between one department and another. Management attitudes have been slow to take root, while the senior officials' time is wasted with having to authorise everything from the pay cheques upwards.

Thus it can take months even for projects which have theoretically been accorded the highest priority — such as Chevron Oil exploration programme—actually to obtain the concessions, such as priority on the railways, that they have been promised; other worthwhile projects such as a Sudanese private sector scheme to assemble radios in Sudan which took more than half a decade to get going, become bogged down in a welter of red tape and obstruction.

In the public sector companies nationalised after President Nimairi came to power are hampered by having to pay people according to their educational qualifications — a hopeless condition if one wants tough but unintellectual men to work in a government foundry or in the BATA shoe factory, recently handed back to the private sector. The pay situation should improve following the introduction of the wage reclassification scheme on July 1.

But good management can usually produce results and Sudanese show themselves easily trainable and in many cases easily motivated.

The manpower deficiency is a structural problem that cannot be solved quickly, though the current development plan gives considerable emphasis to social infrastructure. Another primary objective of the plan is to distribute the benefits of development as equitably as possible throughout the country and among all income groups.

Sudan has been criticised both inside and outside the country for concentrating development on those areas of the east and centre which are already, by the standards of the rest of the country, well developed. It was probably inevitable that they would receive the main development effort because of the needs they still have, because of their importance as the main revenue earning areas of the country, and because it is always easier to implement development projects where there is something to build on. But the emphasis has caused understandable resentment in the south and west, especially as each has its own great, if less easily developed, potential.

Belief

If the breadbasket concept may initially have fostered the belief that development in Sudan would be an easy matter, tempting investors to ignore the fact that Sudan is one of the poorest and least developed countries in Africa, it would be a pity if the pendulum now swung the other way, leading to despair and doubt. Certainly the 1977-83 plan, envisaging the spending of some £S2.6bn over the six-year period, looks unlikely to be fulfilled in its entirety.

Resumption of rapid growth depends on two main things. The first is whether sufficient progress is made in dealing with outstanding problems during the two-year breathing space (which in turn depends heavily on Sudan's success or failure in attracting balance of payments support); the second is whether the Arab Authority for Agricultural Investment and Development (generally known as the triple- A-I-D) fulfils its promise.

The authority could become a remarkable institution, both as an example of inter-Arab co-operation and as an outside body with supranational powers charged with the development of a country which has only a relatively small equity stake in it. It is intended to assist agricultural development with a view to making Sudan a major exporter to the rest of the Arab world, and by its agreement with the Sudanese Government should be able to by-pass much of the Sudanese bureaucracy and deal directly with investors from the Arab and western world, as well as with aid donors.

The authority is intended to draw up investment plans and select projects for implementation. Some projects (mainly productive) will be under its direct control; others (mainly infrastructural) will be under the Government. But all projects approved by the authority will enjoy privileges—e.g., tax exemptions, concessions on import duty, transfer of earnings, security of investment. All plans must be agreed with the Sudanese Government.

With its authorised capital of KD 150m and with authorised borrowing and counterpart finance it could be responsible for KD 750m of projects. By guaranteeing investment it should be more effective in attracting private investment to Sudan, which should also be helped by the planned revision by the Government of the three existing and slightly conflicting investment laws.

Above all the authority could have the capacity to act as a co-ordinating organisation and as a clearing house for information on development in Sudan—thus fulfilling two glaring needs.

The problem is that the authority has yet to start operating fully because only recently has an inter-Arab dispute over who is to be its president and chief executive been settled. Dr. Osman Badran, an Egyptian, has been appointed. It will probably take some months for him to build up staff and start to commission projects—even though there are several which are almost ready to be implemented provided finance is available.

J.B.

Uphill struggle for education

"WELL IN our country," said Alice, still panting a little, "you'd generally get to somewhere else if you ran very fast for a long time, as we've been doing."

"A slow sort of country!" said the Queen. "Now, here, you see, it takes all the running you can do to keep in the same place. If you want to get somewhere else, you must run at least twice as fast as that!"

Any sympathetic Alice visiting the Sudan will recognise that in the field of education everyone is indeed running twice as fast as that. Over 1m primary school places have been created since Independence, while almost 3,000 schools were added to the system during the seven years of the last national plan. A pioneering university was opened a year ago in the formerly strife-torn southern part of the country, and a new one in the Gezira is to admit its first students in September.

The familiar dilemma of quality or quantity certainly exists, but the rate at which Sudanese university graduates, polytechnic students, skilled labour and even school leavers are snapped up on the hungry labour markets of the Middle East suggests the problem is perhaps not as acute as elsewhere.

With a stated emphasis on educational provision which will meet the country's development needs and potential, current policy has five major objectives. By 1990-91 it is hoped to achieve universal primary enrolment through the imaginative utilisation of not only new schools but also two-shift schools, alternate year intake, one-teacher schools, traditional Koranic and sub-grade schools and basic rural education centres. It is also hoped to eradicate illiteracy by the same date. The other main objectives are expansion of technical and teacher education, the expansion of postgraduate studies and the gearing of higher education policy to national manpower requirements.

While the successes mentioned earlier are real and should give cause for satisfaction, it is an awareness of the problems which preys on most minds. During the last few years, in particular in preparation for the ILO Strategy Report, the Education Sector Review and the formulation of the national six-year plan, much work has been done in examining the education system and measuring its internal and external efficiency.

For the first time, for example, unit costs, albeit approximate, became available for serious planning purposes, and the educational planners are now in a position to guide the politicians rather than the other way round.

Few could have guessed that the politically desirable self-help "shaabia" people's schools, once built, often involved the Government in higher recurrent expenditure than their own schools. Even fewer could have realised that unit recurrent expenditure for training a public health inspector at the School of Hygiene was 1½ times the cost of a student at the Faculty of Medicine or that a student at the Forest Rangers College was costing more than four University of Khartoum students. Should a secretary at the Institute of Secretarial Studies be twice as expensive as an agriculturalist at Shambat Agricultural Institute? The amount spent on educational administration also raised eyebrows, if not a blush, at the Ministry headquarters on Nile Avenue and has underlined the urgent need for effective decentralisation.

Target

The achievement of universal primary enrolment, set as a target for 1980 by African ministers of education at their conference in 1961, need not be an unrealistic goal for 1990. It presupposes, however, that the financial cake is sliced differently, possibly leaving the higher levels of education hungry. Given the development of Juba and Gezira universities, expansion in existing higher education institutions and possible new ventures such as a Petroleum Institute in Port Sudan and an Institute for Arid Zone Studies in Northern Darfur, there must remain doubt about the ability of the ambitious proposals for primary education to attract the requisite Government funds.

Following a UNESCO-backed pilot project, a literacy campaign was launched in 1973 and a National Council for Adult Literacy established. The results, however, were poor and the rate of illiteracy eradication did not in fact increase. In a country of striking linguistic diversity the problems of literacy are complex. The completion of a national language survey by the Institute of African and Asian Studies at the University of Khartoum and the preparation of literacy materials in the main southern vernacular languages by the Summer Institute of Linguistics will no doubt improve performance in this field.

The expansion of postgraduate studies, backed as it is by enlightened administration, social demand and financial commitment, both internal and external, should not prove too difficult. Nor should the gearing of higher education policy to manpower requirements if these are seen on a regional, rather than a national basis. Over-production of graduates is unlikely to be a problem while the brain drain continues.

There are five universities at present, with the prestigious Khartoum University still the main goal of the pupil entering primary school. Juba University in the south has already been described, perhaps prematurely, as the first real African University providing barefoot academics who will play a vital role in development. The plans for the embryonic Gezira University, located in an area which has traditionally served as a laboratory for development experiments elsewhere, augur well for its long-term contribution to rural Sudan.

The other two universities, both modelled on Egyptian institutions, the Omdurman Islamic University and the Khartoum Branch of Cairo University, unsympathetically criticised on occasions, nevertheless serve important functions. The former offers a balance to the predominantly westernising bias in higher education, while the latter meets an important social demand for further education otherwise unavailable. Both have shielded the University of Khartoum from what would have undoubtedly been irresistible and regrettable pressures to expand more than it has.

Technical education is seen by most ordinary Sudanese as the last resort after failure i academic education, which determines entry into the jobs boasting higher salaries and greater status. The shortfall in the production of sub-professionals, technicians and skilled labour may prove to be the Achilles heel of the current six-year national plan.

The expansion of technical schools is not feasible because of teacher shortages. Practically all the graduates of the formerly UNDP-supported Higher Technical Teachers Training Institute, the poor relations of their

CONTINUED ON NEXT PAGE

SUDAN VII

The South finds a basis for unity

HE SOUTHERN region of udan must be—in one sense—nong the most democratic olitical entities in Africa. The lections held early this year for ie Peoples Regional Assembly i Juba not only ended in the efeat and replacement of many f the sitting members: they lso led directly to the formaon of an executive which iherited only one minister om its predecessor and which drawn almost entirely, British ishion, from the legislature.

The new President of the igher Executive Council is Ir. Joseph Lagu, the former ader of the Anya-Nya guerrilla rganisation which fought the 7-year civil war. He replaced Ir. Abel Alier, one of Sudan's ice-presidents, who had led the outhern region since the Addis baba agreement in 1972. Mr. agu's government, coming to ower in a surge of popular eeling, has promised a far more igorous approach to developing he south than its predecessor nd has made it clear that it ill fight much harder for the emands of the south with the hartoum Government.

It has been said that any outhern government that had o face reasonably free elections fter the first six years of egional autonomy would have een defeated. Hopes and spirations after the civil war ere so high, while the possiility of any regional governent fulfilling them have been o low. The South, an area of bout 250,000 square miles but ith a relatively small population of about 3m, is one of the ildest and most remote places n the world. It is luxuriant nd humid, in contrast to Northern Sudan: it consists of large ironstone plateau surounding the basins of the White Nile, its tributaries and ith the enormous Sudd swamps ing in the middle. During he rainy season, which makes p about half the year, many arts of the South are quite naccessible.

Exploitation

Before the British came to udan at the end of the ineteenth century the South as a victim of slave raids and ommercial exploitation. The ritish policy in the South radually brought peace but ad the effect of limiting conomic development and disouraging integration with the North. Then, in 1955, began the poradic but increasingly intense ghting that not only brought iost development to a standstill ut led to the collapse of what ttle infrastructure the South ad. Roads disappeared under ropical growth, railway lines nd bridges were sabotaged, the ducation system came close to ollapse (though the Anya-Nya et up schools in the areas it ontrolled) and the machinery f government outside the main owns disintegrated. Isolated undreds of miles from any oastline, the South had almost othing to build on when the ar ended.

The two worst hindrances to Ir. Abel Alier's Government's ttempt to rebuild the South ere the manpower and the ransport problems. Lack of ducation and the drift of many outherners into exile or to the North made it difficult to staff ie administration—even now, ewer than half the posts riginally created in some inistries are filled. Because of ie lack of roads, vehicles and iel, as well as the weaknesses f the railway and river transort systems, the Government as unable to function effecively outside a few main entres and along the few xisting roads. That prevented collecting more than a very mall proportion of the taxes ue to it, increasing its nancial dependence on the North. The lack of an adequate oad system discouraged armers from growing surplus ood since they could not market it, so there were food shortages.

Many of the South's problems stem from the fact that it is at the extremity of a very large and very poor country. The transport system in northern Sudan is so bad, and has recently come under so much strain with the development drive, that the South is very much at the end of the queue—it can take at least six months for goods to reach Juba from Port Sudan. In a country that has suffered increasingly serious fuel shortages, even in the capital itself, it is no wonder that very little fuel reaches the South. The central Government has financial problems of its own so the South has rarely obtained anything like its full budgetary allocation, which should amount to more than S£ 50m (recurrent and development spending combined) a year, while the central Government naturally controls foreign exchange. There are lingering suspicions in the South that the Government's sluggishness in transferring funds is not only due to financial problems and bureaucratic constraints.

Difficulties

Apart from the physical difficulties of administering the South the regional government's effectiveness has been circumscribed by the lack of definition of some of its powers in relation to those of the central Government and by the overlapping judisdictions of the officials of the Sudan Socialist Union and of the Peoples Local Government system in the towns and villages, all of which have led to muddle and lack of co-ordination. Mr. Alier's Government was frustrated by the difficulty it had in influencing Khartoum, and since it was mainly chosen from outside the Regional Assembly, that eager and vociferous body became disillusioned and critical. The resulting depression of the administration was understandable; less forgivable, perhaps, was the widely acknowledged corruption, which led to some glaring disparities of wealth.

Yet despite all the difficulties the Executive, assisted by national and international aid agencies, could claim many achievements. More than 1m refugees who had fled to neighbouring countries during the civil war were resettled. Of the 25,000 ex-Anya-Nya many were absorbed into the army, police and civil administration, and though some later had to be laid off for lack of funds this was at least a creditable attempt at solving a tricky problem. A start was made in setting up small agricultural schemes and restoring food production. A programme for building main and feeder roads got underway. The education system was revived the last year the University of Juba, specifically attuned to the needs of development and of training administrators, opened. And at long last a number of potential revenue-earning projects, financed with foreign aid, began to get off the ground. But perhaps a key achievement was gradually to inculcate some sense of realism about what the South could reasonably achieve after the initial over-optimism.

The first six years of the Addis Ababa agreement have been years of relative tranquility in the South, if one allows for the intermittent tribal conflicts inevitable in so diverse and backward an area. Two major incidents in 1975 and 1976 arose from problems with absorbing the ex-Anya-Nya into the armed forces, but the coup attempt at Juba in February last year was probably more an offshoot of the political struggle in northern Sudan—the southern settlement is probably President Nimairi's greatest achievement and any threat to it could drastically weaken his own position.

But neither growing realism nor relative stability were enough to keep Mr. Alier's Government in power. By drawing most of his Government from the Assembly Mr. Lagu should avoid at least initially the lack of cohesion that characterised his predecessor's regime. In some ways it is logical that the man who fought the civil war should now govern the South inside a united Sudan, after an appropriate interim period. Mr. Lagu undoubtedly has greater support in the South than his predecessor, but he has also used the six years since the ending of the civil war to establish good contacts with prominent northern politicians. Before becoming President of the Executive he was army commander in Juba.

It remains to be seen whether a Government with mainly inexperienced ministers can overcome the difficulties that so burdened the previous regime. In some ways the situation is improving. Supplies are still short and a road through north west Kenya is still being considered which will speed up transit from Mombasa, the south's nearest seaport, and avoid risky transit through Uganda. But if disbursements are still only a small percentage of the development allocation, some of the region's enormous potential is being realised. Some 7,000 acres have been planted with coffee, while tea and forestry projects are getting underway. There are several experimental agricultural projects and the new Minister of Agriculture, Mr. Benjamin Bol, is working on a programme for introducing large-scale mechanised farming for production of cotton, groundnuts, sorghum, etc. at several locations in the region, with the help of the World Bank and aid donors.

But the biggest project underway in the south is the construction of the Jonglei Canal. This is a scheme originally conceived at the beginning of the century to divert part of the White Nile through a canal to reduce the evaporation that occurs in the Sudd swamps and thus make extra water available for both Sudan and Egypt. Now it is actually going ahead, under a partnership of the two countries. A giant bucket-wheel excavator should now be starting work digging the 350 km canal from the Sobat river, near Malakal, to Bor, south of Jonglei. From the south's point of view an important aspect of the Jonglei project is that it will create a direct waterway from north to south and that straight roads can be built along its banks.

Inexpensive

The digging of the actual canal is being carried out by a French company and could prove relatively inexpensive—the original contract was for about S£16m—because the excavator was custom-built for a job now completed in Pakistan and its capital costs have effectively been written off. The machine, capable of moving 9,000 tons of earth a day, has been laboriously reassembled near Malakal after an epic journey by sea, road, rail and barge from Pakistan. Not the least of the many problems it could face is the difficulty of finding and supplying the 30 tons of diesel fuel it will consume each day.

Official estimates put the total cost of the canal itself at about S£90m, the bulk of the money going not on the ditch but on the structures—sluices and locks—at each end. When complete—theoretically in about four years' time—a quarter of the White Nile's flow at Bor will be diverted through the canal, adding 4.7bn cubic metres of water to the two Niles' present usable capacity of about 74bn cu.m, of which Sudan is entitled to 18.5bn and Egypt 55.5bn. Both countries are nearing the limits of their entitlement.

The Sudanese have been understandably hurt by some of the international criticism of the project, since one of the main arguments raised against it, that it will drastically alter the rainfall pattern of this part of Africa, seems to be based on a fundamental misunderstanding of climatology. But any manipulation of the environment is bound to have some effect on the ecosystem of the region—and in recognition of this fact the Sudanese are organising studies whose results they hope to present at a conference in Khartoum next year.

Nor does anyone deny that the Jonglei project will greatly alter the life of the Dinka, Nuer and Shilluk people who now graze their cattle in the area, and while the canal may increase the amount of grazing land available at the southern end of the canal flooding could decrease it at the northern end.

Disease control in itself would greatly improve cattle yields in the area, irrespective of the amount of dry grazing land available. Livestock development has been under study, and now arable development and fisheries are being assessed, as well as the effect of the canal on wildlife. At this stage it is too early to say what form development of the Jonglei area will take, but there are some pointers towards an integrated rural development programme for each of the groups of people in the area.

The Jonglei project could pose political problems both within the region and between north and south. If the oil already discovered on the fringe of the southern region proves to be in commercial quantities, that could also become a difficult issue, even though this eventuality is covered by the 1972 agreement. The Addis Ababa agreement is working better than many people expected but it is far from institutionalised, and Mr. Lagu can be expected to take an aggressive approach to aspects of the relationship with the central Government that he considers to act severely to the disadvantage of the South.

Southern politicians have frequently sounded the alarm about the degree of Sudan's involvement in the Arab world, its moves in the direction of unification with Egypt, the reconciliation with the more conservative groups, steps towards greater Islamicisation and other developments that reflect Sudan's dilemma of being between the Arab and African worlds. But the fact that all northern political groups are agreed on retention of the Addis Ababa agreement, and the fact that the southern opposition group in exile, the United National Sudanese Liberation Front, last week officially dissolved itself in Nairobi are encouraging factors. The wounds of the past could not have been expected to heal quickly. But the North-South problem can be seen, as Dr. Francis Deng, the Minister of State for Foreign Affairs, has propounded, as a matter of identification, and every encouragement should drawn from the fact that Southerners see themselves unquestionably as Sudanese. That is a good basis for unity based on cultural diversity.

J.B.

Education

CONTINUED FROM PREVIOUS PAGE

academic colleagues, have used their skills where they are most appreciated, mainly in the development of neighbouring countries.

The vocational training centres, under the Department of Labour, supply a small amount of skilled labour, but it is significant that until recently their total budget represented only half that of a university faculty. Once again these people have been migrating to economies elsewhere in the Arab world which recognise their importance.

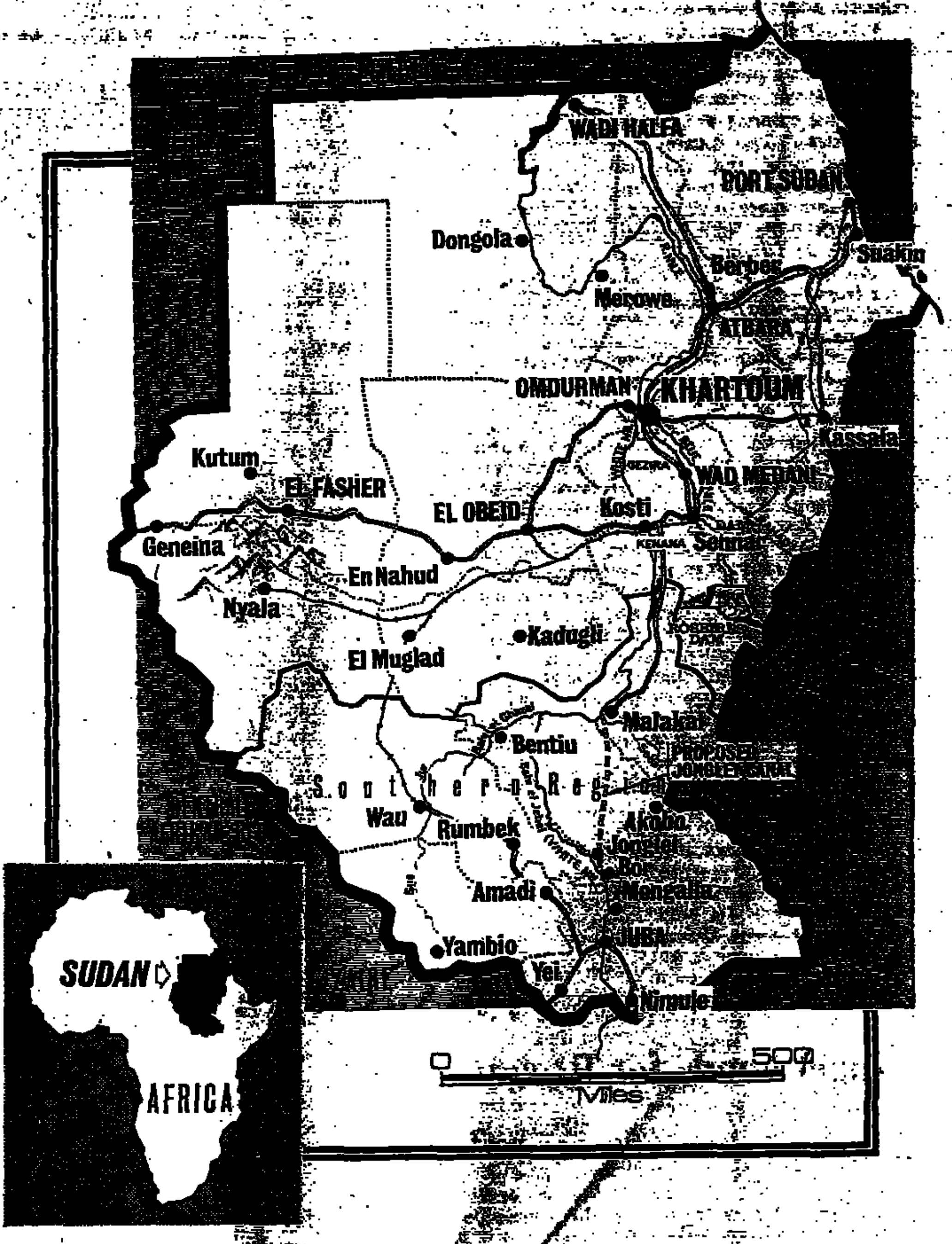
At the tertiary level technical education is offered at specialised institutes which award diplomas. Most come under the aegis of Khartoum Polytechnic and many are linked to ministries or technical bodies. Considerable expansion is envisaged. One of the main constraints on technical education, however, is the fossilised Government salary structure, which is still based on the number of years of education rather than the function of the job. It has been the root cause over the last decade of student troubles which have led to lengthening of courses, with the most recent demands being that the Polytechnic should upgrade its courses to degree level.

On the positive side the country can look forward to even greater education successes in the coming years than those already achieved. In general education it will simply require sustained political commitment and adequate finance to bring to fruition the sensible plans aimed at ironing out regional and sexual inequalities in educational provision.

The Sisyphean task of promoting technical and vocational education however remains and has disturbing implications both for short-term economic growth and the long-term development of the country.

Terry Sandell
British Council, Khartoum

Big gaps in the infrastructure



A RECENT cartoon in the Khartoum daily Al Ayam pictured two men discussing the prospects for oil. "They say that Sudan will produce 500 barrels of oil a day," says one. "Fine," says the other, "but where are we going to get the barrels from?"

This neatly sums up one of Sudan's major problems: the basic and essential back-up facilities which must underlie ambitious development plans. On the whole infrastructure is not an attractive area for investment and must be funded by loans or grants. It therefore tends to lag behind in the rush to launch new projects. But in recent years Sudan has become painfully aware of its infrastructural inadequacies, and has been trying to do something about them.

Roads are a priority, claiming nearly half the funds allocated to transport and communications. At present there are only 500km of paved road in use throughout the country. Towns are mostly linked by tracks across the savannah or desert, hard on vehicles and often impassable in the rainy season.

At independence in 1956 there were no paved roads except within Khartoum and some of the bigger towns. The first trunk road, linking Khartoum with Wad Medani, capital of the cotton-rich Gezira Province, was completed in the early 1970s.

This road forms the first leg of the major artery, 1,200 km long, which will link Khartoum with the country's only seaport, Port Sudan. Due for completion next June—a year behind schedule—its roundabout route will serve the Gezira and the agricultural schemes further east.

A southwards extension of this road, linking Wad Medani and Sennar on the Blue Nile with Kosti on the White Nile was begun in 1975 by the Roads and Bridges Corporation with British financial and technical assistance, and is due for completion next year. The Corporation has just completed a road linking Kadugli, capital of Southern Kordofan, with the railway 187 km to the north at Dubeiba. Three more roads totalling 760 km, two centrally situated and one in the west, will be started before 1982.

This still leaves most of the country, especially the South, unserviced by any kind of road network. A number of major road projects are under study or seeking finance, including 582 km highway from Juba to Lodwar, in Kenya, which will give southern Sudan much-needed access to Kenyan ports.

But finance does not always come easily. Road building in Sudan is expensive for the relatively low standard required. Imported materials, difficult access and foreign contractors fees bring the cost to around $400,000 a kilometre. The Roads and Bridges Coropration reckons it can do it for half that, but it does not have the resources to take on more than one contract at a time. Even where the cost per kilometere can be cut down, the sheer distances involved keep expenditure high.

As roads demand a larger slice of the cake, prospects are not so bright for the railways, which have dominated transport in Sudan since the turn of the century, when the main line from Khartoum to Wadi Halfa was built by Kitchener's army. Extensions to Port Sudan and westward to El Obeid were all completed by 1925, and the remainder in the 1960s.

Sudan now has 5,000 km of single track, narrow-gauge line. Only two years ago, the railways still carried 70 per cent of all the country's traffic, in people and goods. But the percentage is steadly falling. People are increasingly transporting goods by truck, even at a cost that can be five times that of the railways.

One reason is that Sudan railways operate at only 60 per cent of their thoeretical capacity. Lack of spare parts, washouts, breakdowns on the line and industrial disputes mean that six out of ten waggons, and up to seven out of ten locomotives can be out of action at any one time. Much of this comes down to lack of funds and management talent. Sudan Railways currently has a hard-currency debt of $14m. Loans for capital equipment have not included provision for expensive spare parts and maintenance.

Over the last ten years Sudan Railways, on Government instructions, has constructed 500km of branch line to feed new agricultural or industrial projects. The materials for this have come out of maintenance stock in order to save money. Stocks are now severely depleted and sections of line that need replacing have to wait.

Two new loans may ease the way to some extent. A Japanese loan of $24m was signed last February. This is seen as a conciliatory gesture, as it will be used mainly to rehabilitate the Hitachi locomotives bought in the mid-1960s of which nearly three-quarters are out of action due, Sudan Railways says, to a design fault.

A loan of $160m from France yet to be finalised, will be used for line improvement, signals, workshops, training and more locomotives. It is, however, tied to French expertise and equipment, which are not cheap.

Although it accounts for only 5 per cent of the nationwide passenger and goods traffic, river transport is of vital importance in the south where railways are non-existent and roads impassable during the long rainy season. The River Transport Corporation effectively the only transporter on the rivers, runs about 90 per cent of its operations in the South.

One of the major problems besetting the Corporation is the imbalance between upstream and downstream traffic. Tugs and barges head south as fully-loaded as possible with sugar, salt, cereals, cement, fuel and machinery. Upstream traffic demand is estimated as 45,000 tons a year.

The fleet, whose equipment is badly run down, operates way under capacity, even upstream, for practical reasons. In the dry season, parts of the river allow a draft of just over a metre, which means sacrificing nearly half the potential load. The only solution to this is river clearance, a far-off and expensive objective. The Jonglei Canal, with a depth of four metres, will at least allow easy movement between Bor and Malakal.

Whether shipped internally by road, rail or river, the bulk of the country's imports and exports go through Port Sudan. A clear-up campaign late last year dramatically reduced congestion at the port, and a $40m scheme is under way to improve cargo handling, training and maintenance. Port Sudan's handling capacity of 3m tons a year may be increased and extra cargo will be taken through the old port of Suakin, now being redeveloped.

Though unloading has been speeded up, a cargo problem persists at the port. Until road and rail services are improved a lot of freight will remain in compounds a few kilometres from the port, waiting to be transported inland. Such delays mean that air transport, though costly, has become increasingly important. The volume of freight loaded and unloaded at Khartoum airport has risen from 5½m kg in 1970 to nearly 9m kg last year, and the number of passengers has more than doubled in the same period.

This has put a tremendous strain on facilties at Khartoum and the 16 provincial airports, many of which cannot take aircraft larger than the Fokker Friendship F27s used by Sudan Airways, suffer from seasonal washouts and lack the navigational equipment to operate at night.

Strategic

A $77m scheme, financed by the World Bank, the EEC, the Saudi Fund and the Sudanese Civil Aviation Department, aims at major improvement for four strategic airports, Port Sudan, Juba, Wau and Malakal. Five other provincial airports are to have their runways asphalted. The resiting of Khartoum Airport, estimated to cost $70m, has not yet secured finance and looks as though it may have to wait. In the meantime a new prefabricated terminal, together with workshops and freight stores, is being built at the existing airport.

Improvement of the airports should help Sudan Airways, which operates the domestic network, to increase its efficiency. The airline also plans to expand its very limited domestic fleet, probably dropping the four Fokkers in favour of bigger aircraft, and to acquire more Boeings for its international operations.

The Dinder siphon which carries water pumped from the Blue Nile under the Dinder to the Rahad river to supply the vast new Rahad irrigation project

As the long-awaited solution to Sudan's fuel supply problems the 800 km Khartoum-Port Sudan pipeline has not yet had any noticeable effect. Its history of technical hitches during construction has continued since it came on flow last January, supply has been erratic, and it may have to close down temporarily for repairs.

But fuel supply faces more than just technical snags. There is an acute shortage of hard currency to pay for crude oil, even though this has mainly been supplied on easy term loans from friendly Arab states. Thus even when the pipeline is working, there is often nothing to put in it. The refinery at Port Sudan, which processes 26,000 barrels a day, has closed down three times this year because there was no crude oil.

Fuel constraints put a premium on hydro-electric power stations as a means of electricity supply. But silting problems and the gentle gradient of the Nile make it a difficult river to dam. There are two hydro-stations at present, at Sennar and Roseires, both connected to the Blue Nile grid which serves Khartoum and the high-demand area of central Sudan. The rest of the country relies on fairly localised fuel—powered generators.

Sennar produces 15 MW of power, and Roseires 90 MW, though this will rise to 250 MW with the installation of four more generating sets. In the flood season power output from the hydro-stations drops by about a third, so it is essential that they are reinforced by thermo-stations. The Blue Nile grid's peak demand is 125 MW, which gives the grid no spare capacity. Any breakdown at peak hours means a cut-off, a common occurence in Khartoum, especially during the hottest season. Supply is further undermined by an underfinanced and inadequate distribution network.

A scheme costing $200m aims to forecast and meet the country's electricity demands for the next eight years, and longer term plans look to the end of the century. But electricity officials still complain that, as long as the lights work, electricity is taken for granted.

With the need for quick and efficient contact across the country and abroad, telecommunications are expanding rapidly. The satellite station at Umm Haraz, south of Khartoum, operates direct telephone and telex links with the rest of Africa, Europe and the U.S. Began in 1974 the station initially operated on 12 channels, which have been increased in two phases to 88. A nation-wide satellite network is being established by Harris Corporation with 14 earth stations in the provinces.

Margi Bryant

ECONOMIC VIEWPOINT

A summit of ignoramuses in Bonn

THE TITLE of this article is not intended to be insulting. It is intended to emphasise that the main obstacle to achieving results at the summit is not just the normal clash of national interests. Instead it is an intellectual one. Never since the Great Depression of the 1930s has there been such a conflict of diagnosis and views about both the world economy and the economies of particular countries.

It is often asserted that the problems at conferences such as the coming summit are "basically political." This means, if it means anything, that the real difficulty is that of persuading governments to act or of governments in carrying their domestic electorate with them. The problem this time, however, is that it is far from certain what governments should do even if they could be persuaded to do it. Moreover the intellectual differences are no longer between Keynesians and monetarists, or supporters of intervention versus the adherents of free markets. Within each camp there is now a bewildering variety of assessments.

In these circumstances, knowledge of what Chancellor Schmidt said to President Giscard d'Estaing in deepest privacy or of Mr. Callaghan's real motives, or the horse trading that would interest President Carter, is not all that important. The corridor merchants or those who specialise in bar-room realism can no longer enlighten us very much.

The central issue at the summit is illustrated by the chart. The long and remarkably steady expansion of the main industrial countries represented in the Organisation for Economic Co-operation and Development (OECD) suffered a check at the time of the oil crisis of 1973. After the subsequent recession the industrial world never got back to the old trend line. On a purely mechanistic view, OECD output would be nearly half a trillion dollars p.a. higher than it is now if the old trend had been maintained.

The simple-minded response is to regard the whole giant "loss" as being due to deficient world demand, and urge that the Germans and the Japanese take the lead in stimulating their economies, with others following locomotive-fashion. The U.S. and British view seems to be that the greater the total world stimulus the better.

Loss of output

But suppose, however, that there has been a permanent displacement of the trend. An equally plausible interpretation of the chart is that there has been a once-for-all loss of OECD output and that in addition the growth of productive capacity—i.e. the slope of the line itself—is permanently lower.

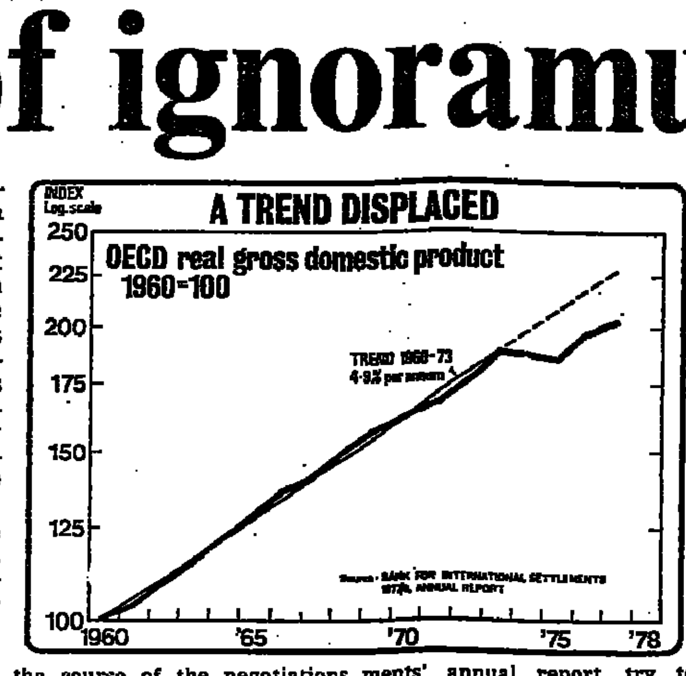
There are many signs suggesting that if there is any deficient demand in the world at all, it is very much less than the British Treasury or U.S. Council of Economic Advisers would suppose. The OECD rate of inflation has—like the British—fallen to 7 or 8 per cent but shows no sign of falling further and could well increase again. Even unemployment has been falling slightly for the OECD world as a whole. There is not here much of the "deflation" against which British Ministers so incessantly warn.

Let us suppose that the Carter-Callaghan advice were taken and that a large concerted increase in national budget deficits, with sufficient extra monetary expansion to finance it, were agreed at Bonn this weekend. The old style monetarist would concede that this would increase output and employment for a temporary period, even though the eventual result would just be more inflation.

But in a world where people are highly inflation-conscious, and react quickly and rationally to events, even the short-term results may be perverse. Professor Patrick Minford, a former editor of the National Institute Review, has made a tentative attempt to quantify some of these effects.* If the extra budget deficit were expected to last, and had not been completely anticipated in advance, output would fall—not rise; but interest rates, as well as the inflation rate, would indeed increase.

In his model the first year slump would be followed by a second year boom and then a series of oscillations, after which we would be back where we started, but with a permanently higher rate of inflation. The perverse initial effects are basically due to wealth effects. The reduction in the value of financial assets brought about by a faster than anticipated inflation, and higher interest rates, dwarfs the impact of the extra budgetary spending.

British experience in the past couple of years supports the revisionists. Alan Budd and Terry Burns remind us in the London Business School June *Economic Outlook* of the dire prophecies of woe we heard in the course of the negotiations with the IMF, which were supposed to result from any attempt to make a major cut in the UK borrowing requirement. Mr. Healey for instance said on October 21, 1976, that a £5bn cut in the budget deficit would reduce output by 5 per cent and add 1m to the unemployed.



In fact the deficit was cut, not entirely intentionally, by £4.5bn between the third quarter of 1976 and the middle of 1977 and monetary growth was held in check. Yet so far from any of the predicted dire effects, production has been rising since the middle of 1977, while unemployment stopped rising and began a gradual fall. One can argue endlessly about time lags and other influences. The debate is not concluded. But we should surely think many times before risking another round of so-called world re-inflation, when there is at least a chance that it will retard rather than promote real expansion, as well as boost prices.

The cannier expansionists, such as the authors of the last Bank for International Settlements' annual report, try to meet these dilemmas by advocating increased budget deficits without any change in money supply targets. But as Chancellor Schmidt has pointed out, such a policy could easily lead to higher interest rates and thus further depress long-term growth. In any case, such a divergence of monetary and fiscal policy could only be a temporary expedient; ultimately the two would have to be brought into line.

These thoughts lead up to the ultimate heresy of wondering whether a convincing declaration that other countries would reduce their rate of inflation to the German one—and adjust financial policies accordingly—might not do far more to underpin world recovery than the kind of growth package which the British and Americans would prefer.

These reflections have a direct bearing on the British attitude to the proposed EEC currency union. For they suggest that the best thing of all would be for Britain to join full-heartedly without any of the watering down now being demanded. A very good second best would be to continue the independent float of the pound. The worst course of all is that to which many in London seem inclined: that is to try to make monetary union into a Bretton Woods system of temporarily pegged exchange rates, in which we would be continually putting pressure on the Germans to lend us money and to inflate at British rates.

The way to gain from EEC monetary union would be to announce a three-year timetable, at the end of which sterling would be tied permanently to the German mark and UK monetary and fiscal targets adopted which would make this possible. We would benefit, of course, only if people believed the announcement. In that case there would be far more certainty about the rate of inflation and that rate would be expected to be lower. On top of this there would be the advantages of what would approximate to a single currency over a large part of Europe, in which there would eventually be a unified money and capital market as well.

A credible commitment in this direction would do more to promote economic recovery in this country and in Europe than the most ambitious summit agreements about paper growth targets. A genuine monetary union would also shelve for a long time the whole incomes policy argument. With the devaluation option removed, wage bargainers would have to settle for what the international market would stand, and there would be no need for the Government to reinforce the obvious.

Unfortunately many keen "European" supporters of monetary union fail to see that in default of a genuine commitment of this kind, an independent floating rate is by far the best discouragement to domestic inflationary policies, and infinitely better than a watered-down monetary union. When the mere fear of an excessive monetary expansion leads to an immediate drop in the sterling rate, and no stimulus for output, the domestic forces for virtue are quite strong. For instance, the main reason why the UK Government introduced its June package of credit and fiscal restraints in a pre-election period was the then-prevailing weakness of sterling and fear that it would go down lower.

Parity

If, on the other hand, the UK joined an EEC monetary union, with the present intellectual attitudes of policy-makers — both political and official— intact, we would have the worst of all worlds. British Governments would be deprived of the very healthy constraint which comes from the ever-present knowledge that sterling might sink tomorrow. On the other hand there would be no confidence whatever in the financial or labour markets that the parity with European currencies would stick in the long term.

A British government entering a currency "snake" would regard itself as free to leave and enter again at another parity. The British insistence on "resource transfers" from Germany and on "mutual adjustments" by creditor and debtor countries, means that the UK would go back to a policy of "reluctant parity adjustment." Domestic policy would still necessitate periodic devaluations; but these would be delayed so long as there was a hope of other European countries either financing our inflation-induced deficits, or being forced to inflate their own currencies instead.

Thus, so far from being given more certainty, business would only experience even more go-stop than in the past. The British political, business and union establishments all fail to appreciate the monetary roots of payment deficits. Deprived of the obvious exchange-rate regulator for the balance of payments, they would demand more export support, import-saving and creeping protection of all kinds. Instead of cementing the EEC, the monetary union would fragment it.

The above paragraphs simply put into slightly clearer language the official British conditions. So long as these honestly-held intellectual attitudes remain, it would be a mistake for the UK to join a monetary union or for the hard-core EEC countries to have us. By far the best policy in present circumstances would be to maintain an independent float for sterling and watch how the French fare in the monetary union. If and when it is shown that the French can prosper with a monetary and fiscal policy designed to tie the franc to the mark with no let-out or escape, then British policy-makers may at long last draw the lesson. But for the moment British membership would do more harm than good to all concerned.

Samuel Brittan

*Minford, [illegible]

Letters to the Editor

Angel bonds for Broadway risk

From Mr. E. de Bono.

Sir, — Everyone seems agreed that there is no shortage of funds for entrepreneurs and no shortage of channels for getting the money to them. But — for very sensible reasons — the money does not usually get to the people who need it most for innovation. The reason is that at any particular moment true innovation is always uneconomic because by definition a truly novel idea cannot be adequately assessed in the framework of older ideas. Being intelligent people, bankers and others behave intelligently and so the dilemma arises: innovation and opportunity development are essential if we are to develop the added value products that are going to compete with the labour intensive ones from the Far East.

We need to look at different sorts of risk to solve the dilemma. Insurance risk: the cost of the occasional failure is spread among all those who consider themselves at risk — through no fault of their own. The Export Credits Guarantee Department scheme is an obvious example, though it might be improved with a two-tier system. Banks' risk: all bank borrowers are, by definition, 100 per cent credit worthy and that is why commercial banks can afford to lend as low as a ¼ per cent spread over the London Interbank offered rate. The customers they lend to can always be made 100 per cent credit worthy by the banks' willingness to reschedule debts. Venture risk: this is what venture capital groups, merchant banks, government organisations and High Street banks regard as the funding for entrepreneurs. There has to be a reasonable chance of success — say 70 per cent — which is subsequently reduced by the necessity to charge interest rates high enough to compensate for the risk. Security is often required as well. Broadway risk: four out of five ventures are certain to fail, but the fifth (like a Broadway play) will be successful enough to repay the costs of the failures. Every venture outfit pays lip service to this concept, but is then careful to avoid it in practice.

True entrepreneurial innovation requires Broadway risk (note this is totally different from scatter-gun risk) but this is made impossible by the structure of the system. Taxation removes the spectacular rewards that are necessary for Broadway risk. Committee decisions remove the personal flair that is needed to allocate funds.

In order to overcome this impasse I would dearly like to set up an Angel Corporation (from the theatrical term) which would be funded by an issue of bonds. These angel bonds would only pay 4 per cent—but the yield would be tax exempt. If this tax exempt status, so much used in the U.S., were too revolutionary we might pre-tax the yield at a flat 50 per cent no matter what the income level of the investor might be. This would offer a politically acceptable way of reducing top tax rates. It would also mobilise rather than just re-distribute capital since high rate tax payers would be encouraged to realise unproductive assets in order to invest for income.

The other side of the suggestion is that innovation ventures would enjoy a ten year tax holiday.

Finally the Broadway funds made available in this way would not be distributed by committee but by individual buccaneers whose performance would be judged not on overall profitability but on a Broadway profile of many failures but some spectacular successes. Otherwise we would soon be back with ordinary bankers risk or venture risk.

Edward de Bono
Centre for the Study of Thinking
11 Warkworth Street,
Cambridge.

Sources of talent

From Mr. J. Walker

Sir,—My previous letter merely comprised a few random thoughts from an untutored mind but I cannot let the reaction go by—particularly that of Mr. Todd (July 7). Mr. Todd lists all the assumptions about graduates in business for which, in a long and varied management career, I have found no evidence. Broadly speaking, he advances the assumption that graduates probably have logical and incisive minds and that non-graduates almost certainly do not.

I have managed graduates: I have worked alongside graduates and lectured to graduates. Outside working hours many of my friends are graduates and I have served on all sorts of committees with graduates. At work a few are excellent, few totally incompetent—but these are the exceptions. The bulk are as muddled-thinking and indecisive as anyone else—although they talk better (albeit for longer periods). Their most common disadvantage is a posed amateurism which is unsurprising since the usual message from university is that work is not the most important thing in the world. I applaud that civilised viewpoint but I must be pardoned for looking for rather more commitment in my managers.

A further disadvantage for the graduate is his/her lack of practical experience. It may seem obvious but it is worth repeating that there is a real problem in learning the mundane but important elements of management —using a secretary effectively, clearing an in-tray, finding information within the company, arranging priorities, managing your diary, getting the best out of staff. These basic and necessary skills can be taken for granted in the bright young person with five years' clerical administrative and supervisory experience.

It is quite true that most of tomorrow's top managers will be drawn from graduates. I used to be a staff manager with one of the country's biggest companies which, each year, recruited numbers of graduates. They were immediately placed into junior management positions, moved around to find their most suitable niche and, if they showed ability, they were rapidly promoted and "developed."

This had two effects. On the one hand a graduate of ability must progress to the limit of his ability—to which I have no objection. The other consequence was that, by artificially crowding the junior management rung of the promotion ladder, it was made almost impossible for a supervisor—no matter how able—to move into management. This was my point and this is where the waste of talent comes in.

Young people work for me in responsible jobs for seven hours a day, five days a week, 48 weeks a year (less statutory holidays). I doubt many undergraduates work at their studies for half those hours. If a middle-aged man or woman can achieve degree standard by correspondence course and night school when also performing a full-time job then I cannot be convinced that a younger person need work particularly hard to cover that same ground with the privilege of full-time study. I am a kindly motorist who gives lifts to hitch-hiking undergraduates as they pour home on Thursday/Friday and dribble back to college on Monday/Tuesday!

I do not want to overstate my case but based upon my experience in industry and my observation of the sixth-form students I know, attendance at university is a limited indication of management potential and a doubtful mark of adequate motivation. Contrariwise, the lack of a degree is not necessarily a reflection upon a person's thinking or managerial capacity. Firms which do not accept this are certainly overlooking a reservoir of talent and their policies may sometimes be promoting the wrong people. After all, British Steel Corporation and British Leyland are bulging at the seams with educated junior and senior management! There are unquestionable social benefits which stem from a university education and I have encouraged both my children to seize those benefits. It does not follow, in my view, that they should also be given preferential treatment over their intellectual equals when eventually they begin a career.

J. R. Walker,
Kingswood House,
47-51 Sidcup Hill,
Sidcup, Kent.

Tomorrow's top managers

From Professor K. Lockyer.

Sir, — Mr. Walker (July 5) in his most thoughtful letter implies, I think, that experience is the most appropriate training for managerial positions. I have indeed a great deal of sympathy with much of what he says. I am sure that the casual study of history or economics is not a particularly useful training for today's managers.

In the past decade, however, there has been a considerable growth in managerial training at undergraduate level, specifically designed to improve the standard of managerial performance of U.K. companies. Of course no degree in "management" can produce a manager, any more than a degree in "physics" produces a physicist, or a degree in "English" produces a writer. There are, however, a large number of ideas, techniques and concepts which can be usefully taught within places of further education. The ability to read and understand financial statements, for example, or an introduction to the problems of stock control, industrial relations, marketing and so on, can prove useful and save a considerable amount of time. Many of today's managers have learned (if they ever have learned!) how to read a balance sheet by a process of osmosis; such an ability can be quite readily taught.

It is the experience of management which can only come about through the actual workplace, and here I would agree entirely with Mr. Walker that experience is of the utmost importance. The better undergraduate courses in management are undoubtedly the "sandwich" type where practical experience goes hand in hand with academic study. It may be thought that I am arguing with my own particular interests in mind. This, of course, is true. The only test of an effective product, whether it be a TV set or a University degree, is whether the customer, having bought one of the products, will continue to buy more. My experience is that firms, both large and small, which have employed sandwich graduates have found that they have a great deal to give to the company, and the companies concerned are then anxious for further graduates.

Of the current "crop" of graduates from the degree for which I have responsibility in this University, all except those with some particular personal problems, have been snapped up by industry, most of them at salaries very considerably higher than they could have got in — say — the University teaching profession.

K. G. Lockyer.
Management Centre,
University of Bradford,
Richmond Road, Bradford, Yorks.

VAT and bad debts

From the Managing Director Credit and Guarantee Insurance Company.

Sir,—Messrs. Homan, Mackey, Shewell, Turton and Watt (July 6) rightly criticise Clause 10 of the Finance Bill which excludes a trader from relief of VAT for a bad debt loss unless the debtor company is in a formal category of liquidation. This results in the exclusion of relief where a receiver for debenture holders has been appointed and certain other situations such as moratorium arrangements.

I fully agree with your correspondents that unless the Finance Bill is amended, then creditors may be influenced to liquidate debtor companies for the purpose of ensuring their entitlement to relief. Whether creditors will be prepared to do so for an amount equivalent to 8 per cent of their debts is another matter but the situation which is clear is that the Finance Bill should be amended to enable H.M. Customs and Excise to use their judgment and discretion for other classes of "insolvency." Certainly no case has been made for the uncompromising draft of the Finance Bill.

Credit insurance for VAT bad debts was innovated in April, 1973. We, too, had some difficulty in drafting our own clause which determined the event which "triggered off" a claim settlement. Our policy provided a definition of insolvency which covered seven distinct but obvious situations, as for example, an adjudication in bankruptcy, a court order for winding up and the appointment of a receiver for debenture holders. Additionally, at our sole discretion, we were prepared to admit a loss as a claim where the circumstances of the debtor did not fall within these definitions provided the debtor was not entitled or obliged to refuse payment of the debt under any law or regulation having the force of law.

There is a further grievance about the proposed "Value Added Tax (Bad Debt Relief) Regulations 1978." It concerns the situation where the debtor owes money, including VAT to the supplier and the same supplier, under a different contract owes money to the debtor. The regulations, in such instances, provide for full priority "set-off" in favour of the VAT debt. Surely the drafters of the regulations could have introduced the pro-rata or average principle! Another potential case of preferential treatment which, I suggest, must be defeated by the commercial community.

V. J. Fowler.
Colonial House,
Mincing Lane, EC3.

Today's Events

GENERAL

Index of industrial production (May, provisional)

By-elections in Labour-held seats at Penistone and Moss Side.

Mr. Cyrus Vance, U.S. Secretary of State, and Mr. Andrei Gromyko, Soviet Foreign Minister, end two-day talks in Geneva on strategic arms limitation.

Mr. Frederick Mulley, Defence Secretary, ends two-day informal talks at Ditchley Park, Oxfordshire, with M. Yvon Bourges and Dr. Hans Apel, his French and German counterparts.

TUC Steel Industries Committee expect to discuss BSC plans to end steelmaking at its Glengarnock, Strathclyde, works.

White Fish Authority annual report.

City of London lunch to celebrate Diamond Jubilee of English-Speaking Union, Mansion House, E.C.4.

Sir Peter Vanneck, Lord Mayor of London, presides at dinner to Her Majesty's Judges, Mansion House, E.C.4.

First British International Television Festival opens, British Academy of Film and Television Arts, 195, Piccadilly, W.1 (until July 21).

Royal Tournament opens, Earls Court (until July 30).

Kent Agricultural Show begins, Detling Showground, Maidstone (until July 15).

PARLIAMENTARY BUSINESS

House of Commons: Finance Bill, completion of remaining stages.

House of Lords: Wales Bill, third reading. Motions to approve European Communities (Definition of Treaties) (Joint European Torus) Order 1978; and European Communities (Privileges of the Joint European Torus) Order 1978.

Select Committee: Race Relations and Immigration. Subject: Effects of EEC membership on race relations and immigration. Witnesses: Mr. David Lane, chairman, and officials from the Commission for Racial Equality (4 p.m., Room 6).

COMPANY RESULTS

Final dividends: British Building and Engineering Appliances; C.H. Industrials; Daejan Holdings; Diamond Stylus; Distillers; Mitchell Somers; Symonds Engineering; United Gas Industries. Interim dividends: Imperial Group; Watson and Philip.

COMPANY MEETINGS

Atkins Bros., Hinckley, 12. Debenhams, Wigmore Hall, W., 12. Hambros Investment Trust, 41, Bishopsgate, E.C., 11. Locker (Thomas), Warrington, 11. View Forth Investment Trust, Edinburgh, 10.15. W.G.I., Wilmslow, 12.

OPERA

Royal Opera production of Norma, Covent Garden, W.C.2, 7 p.m.

Glyndebourne Festival Opera perform Cosi fan tutte, Lewes, East Sussex, 5.30 p.m.

MUSIC

Philharmonia Orchestra, conductor Andrew Davis, soloists Csaba Erdelyi (viola) and Raphael Wallfisch (cello), in programme of Berlioz (Overture, Beatrice and Benedict); Strauss (Don Quixote); and Beethoven (Symphony No 3 —Eroica), Royal Festival Hall, S.E.1, 8 pm.

Anne de Buck (harpsichord) plays music by Couperin, Frescobaldi, Froberger, and D'Anglebert, Wigmore Hall, W.1, 7.30 pm.

SPORT

Cricket: Warwickshire v. New Zealand, Edgbaston. Golf: Open championship, St. Andrews. Show jumping: International meeting, Hickstead, West Sussex.

COMPANY NEWS + COMMENT

Raybeck ahead 37% to record £6.41m

A SECOND-HALF £1.2m rise to £3.65m in taxable profits at Raybeck, ladies' and men's wear manufacturer, boosted the full April 29, 1978, year's figure by 37 per cent to a peak £6.41m. This is compared with £4.67m for the previous 53 weeks which excluded an extraordinary profit of £1.46m, after tax, arising from the sale of premises in Oxford Street, London.

At the interim stage directors said results for the full year should be excellent.

Sales for the year were ahead by 20 per cent from £63.12m to £75.95m and directors say that, in the curent year, sales are significantly higher than the same period last year. The directors look forward with confidence to another successful year in 1978-79.

After tax, on the ED 19 basis, of £2.92m (£2.23m), stated earnings are 9.41p (6.64p) per 10p share and the dividend is stepped up to 3.364p (3.0124p), costing £1.22m (£1.09m), with a final of 2.3512p, based on a 33 per cent ACT charge.

Also proposed is a scrip issue on the basis of one 10½ per cent cumulative preference share of £1 for every 10 ordinary shares. And the authorised share capital is to be increased to £9m.

A valuation of the company's freehold and leasehold properties, apart from the Bon Marche (Wood Green) properties acquired in January 1978, on April 29, together with the valuation, on November 10, 1977, of the Bon Marche properties, showed an open market value of £12.82m, a net surplus over book values of some £4.78m.

comment

Boosted by both retailing and manufacturing interests, Raybeck's profits are 37 per cent higher for the year. The second-half jump of 48 per cent compares favourably with Hepworth's first-half profits increase of 36 per cent for a roughly similar period. Once again the Lord John menswear chain has led the way, with newly acquired John Stephens contributing £110,000 to full-year profits. The West End of London is still an important retail stronghold for Raybeck, so the drop in the number of tourists must have had some effect. However this was cushinoned by outlets elsewhere in the country and group sales—a fifth higher—included a small element of volume growth. Although trading remains competitive, the outlook for Raybeck is good, especially if consumer spending continues to rise. The shares, at 86p, are on a p/e of 8.7 while the yield is a solid 6 per cent.

Boulton & Paul downturn

A DOWNTURN in second half earnings from £4.11m to £3.49m left taxable profit of Boulton and Paul down from £6.78m to £6.24m in the March 31, 1978 year.

Turnover of the British Electric Traction Company subsidiary increased in the year from £65.81m to £77.49m. After tax of £2.8m (£3.4m) and minority interests of £22,000 (£43,000) the attributable profit was up from £3.34m to £3.42m.

Earnings per ordinary and "A" non-voting ordinary shares are shown at 13.4p (13.1p) while the dividend is trimmed from 7.6p to 7.4p.

The company's interests include structural engineering and woodworking.

Christie-Tyler at £1.8m

IN LINE with the interim forecast, profit of Christie-Tyler recovered strongly in the second half to £1.7m compared with £1.73m previously, leaving pre-tax profit for the April 30, 1978 year down from £2.55m to £1.81m.

Mr. G. M. Williams, the chairman, says that current trading conditions are much better than the depressed level at the same time last year, although the heralded consumer boom has not yet arrived.

He says margins continued to be under pressure for much of the year. Following the re-organisation at Bath during the year Arkana traded successfully.

Turnover of the furniture and upholstery maker rose from £40.15m to £48.52m and the result is subject to tax of £0.95m compared with £1.19m.

Earnings per 10p share are shown at 8.7p (14.2p) and the final dividend is up from 2.69552p net to 3.19666p—based on a 33 per cent ACT charge—for a maximum permitted total of 4.79666p (4.29552p).

S. W. Wood still in the red

AS EXPECTED, the S. W. Wood Group made an operating profit—£172.693 against £1.1m—for the year to March 31, 1978, but after further Metal Exchange losses of £241.986 compared with £1.43m, a pre-tax deficit of £69,293 was incurred. In the previous year the loss was £328,749.

Loss per 20p share is given as 0.7p (2.6p) but a final dividend of 2.7858p raises the total from 3.80866p to 4.2933p. Mr. S. W. Wood and Mr. E. M. Falco have waived entitlement to the dividend in respect of their personal holdings amounting to 3,449,420 shares.

The first half produced a loss of £204,000 against profits of £158,000 and the directors anticipated that while profit would result from normal trading activities, this would be more than offset by losses on forward Metal Exchange purchase contracts and operation losses at Tyseley Metals.

Turnover for the year was lower at £17.38m (£21.98m). The loss was before tax relief of £26,454 (£180,135) and an extraordinary loss of £191,915 (£420,694 profit).

ERF rises to £3.28m

PROFITS BEFORE tax up from £1.7m to £3.28m are reported by E. R. F. Holdings for the year ended April 1, 1978, following the sharp rise to £1.56m against £628,000 in the first half-year.

The year's profit improvement is the result of increased vehicles and parts sales, the directors say, and confirms the trend reported at midway. The level of trading and associated profitability is being maintained during the first quarter of the current year.

Turnover increased from £38.42m to £56.31m. Profit is struck after loan interest of £138,911 (£178,332) but before tax of £176,077 against £436,416.

Earnings per 25p share are shown at 45.52p (19.06p) and 41.85p (17.35p) fully diluted. A second interim dividend of 0.77p is declared making a total, equal to 2.42p, the maximum permitted.

If no new dividend restraint is introduced, a final dividend of 0.33p will be paid making a total of 2.75p compared with the previous year's equivalent 2.18462p. If the standard rate of tax is reduced, net dividend payments will be higher, the directors report.

They are also proposing a scrip issue of one 10 per cent preference share for every eight ordinary held.

comment

ERF has maintained the trend established in the first half and both sales and profit in 1977-78 show substantial increases over the previous year's figures. Market share has been increased, and three-month registration figures suggest it is at the expense of Volvo. Most of the extra penetration occurred in the first half with production steady at 60 vehicles a week throughout the second half. Strikes and threatened strikes at suppliers' plants meant that the product mix was not as planned in the second half and there were some stock problems as a result. But this did not have a major impact on results. The industry, generally, is now fully recovered from the 1974-75 slump which means that ERF's future profit and revenue growth will be slower. As the rate of growth of the total market slows there could be a resurgence of the "price war" that hit margins in 1975 and 1976. But ERF's immediate prospects are good and the company has lifted production, in two steps from 60 units a week at the beginning of the current year to 70 units a week. The shares jumped 12p to 119p on the strength of the results and, at that level, have a p/e of 2.6 and a yield, assuming both the second interim and the final dividend is paid of 3.5 per cent.

SACCONE & SPEED RETAIL

Arthur Cooper (Wine Merchant), which operates over 300 off-licences in England and Wales, has changed its name to Saccone and Speed Retail.

This is the result of organisational changes within Saccone and Speed, the parent company, and will in no way affect the operation of the shops trading in the name Arthur Cooper (Wine Merchant).

Bulmer stronger in second half

A RISE in taxable earnings in the second half from £918,000 to £1.62m at H. P. Bulmer Holdings, was not enough to make up the ground lost in the first six months and profit for the year to April 28, 1978, finished £1.01m lower at £2.85m. Turnover showed improvement from £32.91m to £36.66m but there was a sudden down-turn in cider sales volume during the period.

The directors say that, as a result of the lower volume, the company's capital spending budget was substantially reduced by deferring about £3m of investment originally planned for the year. In the event capital expenditure for 1977-78 totalled some £3m, and in the current year it is expected to be about £4m.

Cider sales in the first two months of 1978-79 show a modest volume increase compared with the same period of last year and the directors hope that this improvement will continue for the rest of the period. Borrowings are expected to increase by about £1m this year and will remain well within the group's substantial available facilities, they add.

Stated earnings per share fell to 23.29p (35.69p) and a gross final dividend of 3.3334p lifts the total to 10p (4.8406p) as forecast in December.

The tax charge, with deferred tax treated in line with ED19, amounted to £398,000 (£267,000) and the net balance emerged down at £2.46m (£3.6m).

	1977-78 £000	1976-77 £000
Sales	36,660	32,913
Interest	779	649
Exceptional credit	500	*215
Profit sharing	100	—
Pre-tax profit	2,853	3,856
Tax	398	267
Net profit	2,455	3,589
Attributable†	2,373	3,608

* Debit. † After extraordinary items, etc.

The company was formed in July, 1977 to acquire all the issue capital of H. P. Bulmer Ltd.

comment

A slight increase in sales volume in the second half enabled Bulmer to post a marginally better than expected profit before exceptional items. Demand had been very disappointing in the usually strong first half, when volume fell 14 per cent because of a relatively cool summer and higher excise duty, but there was volume growth of about 3 per cent in the second half. Growth accelerated to 11 per cent in May, the first month of the current year, but the bad weather since then has flattened demand out once again. But orchard development expenses, which jumped significantly in 1977-78 because orchards were still recovering from the previous year's drought, will fall in the current year thereby assisting profit growth.

Bulmers has a 60 per cent share of the UK cider market but, as cider consumption is only about 3 per cent of the combined beer and table wine consumption there, appears room for substantial growth. This, coupled with the profits now being achieved in Australia and a growing North American presence gives the company plenty of scope for growth. The ED19 basis p/e is 5.2 and the yield is 8.2 per cent making the shares, which closed yesterday at 122p, attractive relative to other companies of the beer, wines and spirits sector.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Allied Colloids	1.12	Oct. 7	1*	1.69	1.52*
Assoc. Leisure	1.72	—	1.5	3.02	2.7
Bonser Eng.	0.42	Sept. 1	0.42	—	1.44
H. P. Bulmer	3.33¶	—	—	10	4.84
Christie-Tyler	3.2	—	2.7	4.8	4.3
Countryside Props. ...int.	1.01‡	Sept. 12	0.16	—	1.49§
E.R.F. ...2ndint.	0.77	—	1.18*	2.42*	2.18*
Moorgate Inv.	2.32	Aug. 30	2.06	3.82	3.06
W. E. Norton	0.34	Sept. 19	0.31	0.69	0.61
Raybeck	2.35‡	Oct. 25	2.11	3.36	3.01
Rotaprint	2.75¶	—	2.46	4.44	4.06
S. W. Wood	2.79	Sept. 7	2.29	4.3	3.81

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Based on 33 per cent tax charge. § For 15 months. ¶ Gross throughout.

Associated Leisure up 57% to peak £3.5m

AN INCREASE of 57 per cent to record pre-tax profits of £3.49m is announced by Associated Leisure for the year ended March 12, 1978. First-half profits had shown a 37 per cent rise from £1.23m to £1.69m.

In October, the directors were confident that the year's outcome would be satisfactory. They now say the year's advance largely reflects the performance of the amusement machine division which benefited from volume growth and close control of costs.

	52 weeks 1978 £000	1977 £000
Turnover	21,589	16,596
Profit before tax	3,493	2,218
Taxation	912	834
Pre-acquisition adjustments	82	—
Net balance	2,599	1,384
Extraordinary debit	27	†152
Dividends	790	704
Retained	1,782	842

† Credit.

Earnings per share are shown at 9.95p (5.36p) and a final dividend of 1.71855p is recommended making a maximum permitted total of 3.01855p compared with 2.70236p previously.

The group's principal activities are the making, distributing and renting of amusement machines and the operation of leisure centres, amusement parks and hotels.

comment

Amusement machines are a volume sensitive business and with Associated Leisure showing a 6 per cent increase in new machine sitings—about 4 per cent in the first half—profits have jumped by 51 per cent, excluding new acquisitions. Margins have been further boosted by lower servicing costs reflecting more efficient form of machinery. The success of the video games and pool are sustaining growth in the current year. But Associated needs to keep up a regular supply of new products because they are often pick to go out of fashion. For the longer term the recommendation of the Commission on Gambling would seem to be fairly favourable to the company particularly if the limit per club is lifted. Moreover the diversification programme should cushion the cyclical trends that have dotted the profits record of late. At 60½p the shares are on a p/e of 6 while the yield is a reasonable 7½ per cent.

Mears Bros. £1.5 loss at halfway—no interim

REFLECTING losses in all the group's operations except plant and equipment distribution, Mears Bros. Holdings fell from a £300,000 pre-tax profit into a £1,496,000 loss in the six months to March 31, 1978 on sales down £1.42m at £18.89m.

Recent experience has resulted in substantially increased reliance for finance on the group's UK bankers, says Sir George Middleton, the chairman. In the last balance sheet group borrowings had reached £3.2m suported by shareholders funds of £3.5m.

Given normal conditions for the rest of the year a second half trading profit has been budgeted for although there is no prospect of recouping all the loses of the first six months. In addition it will be necessary to make provision at year-end for the costs of re-organisation which could be around £600,000 before tax relief, Mr Middleton adds.

Measures now being taken are expected to contribute significantly to improved cash flow and to a return to overall profitability in the future.

After a tax credit of £645,000 (charge £156,000) the net deficit emerged at £851,000 (£144,000 profit) for a loss per 25p share of 12.16p (earnings 2.06p). There is no interim dvidend. Last year a total of 1.78p net was paid and the loss was £26,000.

The most significant setback in the half-year occurred in the company's UK construction activity where losses on two civil engineering contracts amounted to £1.12m, of which £0.68m represents full provision for anticipated losses on completion.

The overseas construction operation has been closed after showing a deficit of £154,000 and the directors are to dispose of the high pressure water jetting business where the loss reached £344,000.

Mackinnon soars at mid-term

IN TRADING conditions which have allowed profit to be earned more evenly throughout the year, Mackinnon of Scotland, knitwear manufacturer, lifted taxable earnings for the half-year to April 30, 1978, from £54,609 to £222,349. Sales were £0.39m better at £2.55m.

After tax of £116,782 (£28,700) and preference dividend of £7,580 (£5,438) available earnings came out at £97,987 (£20,561) for earnings per 25p share of 4.08p (0.86p). Last year a net dividend of 1.65p was paid from a record profit of £421,523.

The available earnings this time were after allowing for interest and preference dividend due to Scottish Development Agency on funds introduced by the agency on March 15 this year.

Furness Withy can meet all commitments

Furness Withy has not had to apply for its shipping loans to be re-scheduled under the Government's new plan which permits shipowners to suspend capital repayments on British-built ships for up to three years.

Mr. James Steel, the chairman, told shareholders at the annual meeting that "although we still have substantial balances outstanding against British-built ships, we have been able to control liquidity so as to meet all commitments." He added that cash flow projections indicate that the company will be able to continue on this path.

On the other hand profits in 1978 will be substantially lower than in 1977, Mr. Steel said. The cause lies in expected lower profits from sales of ships and a reduced contribution from associates.

He claimed that trading profits in the main group were holding up well so far.

The company is now preparing for the possibility that the present shipping slump will last "until the middle of the next decade" and is actively developing its non-shipping business which already accounts for 20 per cent of group profit.

In a guarded allusion to dividend restraint and the company's policy on the level of dividend payments, Mr. Steel held out some hope that this year's dividend will not be affected by the expected downturn ip profits. The company policy is to pay a dividend which reflects long-term growth rather than short-term fluctuations of shipping fortunes, he said.

However, he also pointed out that with the influence of OPEC countries, the shift in employment in the U.S. towards service industries and the explosion of manufacturing in the Pacific Basin, the pattern of world trade will never be quite the same as it was, even after the shipping slump has improved.

See Lex

Queries over offshore fund advertising

The Department of Trade is now looking into a possible loophole in the ban on the advertising of unauthorised unit trusts.

The Department has come under pressure to clarify the situation after last weekend's advertising by Arbuthnot Securities, fund management arm of the merchant bank Arbuthnot Latham, of its new Jersey-based Government Securities Trust. Other unit trust groups with Jersey-based gilt-edged funds are extremely anxious to know whether Arbuthnot has fallen foul of the Department's ban on the advertising of unauthorised trusts, or whether the precedent so established can be followed.

Arbuthnot itself says that its intention to advertise was communicated to both the Bank of England and the Department of Trade, and that officials of neither institution objected. Arbuthnot says that, because the advertisement was made within the two week initial offer period for the trust, because there was no request that money be sent on the advertisement, and because it was made eminently clear that UK residents might apply for the income shares only, it was within its right to publish.

The response has, according to managing director Mr. Michael Barrett, been "fantastic."

ISSUE NEWS AND COMMENT

Cartiers success: attracts £186m

The offer for sale for Cartiers Superfoods, the supermarket discount group, has been oversubscribed by one hundred and five times. This compares with recent issues such as Eurotherm International which was oversubscribed 85 times, Saga Holidays 12 times and Hunting Petroleum Services 3½ times.

The Cartiers issue attracted applications for 339m shares at 55p each—a total of £186m from 48,000 individual applicants. The number of shares on offer amounted to 3.21m, about 25 per cent of the total equity.

The basis of allotment will be decided today. However, the company has already intimated that smaller shareholders will get some form of preferential treatment.

The issue is thought to have attracted a large of applications from Cartiers' customers—around 20,000 prospectuses were distributed in Kent, where the company is based. Prospectuses were made available in all of Cartiers supermarkets.

At the offer price, the market capitalisation of the company is £7.1m. For the current year the profits forecast is £1.25m, against £0.85m last time.

See Lex

W. E. Norton advances—rights to raise £0.5m

W. E. Norton (Holdings), the machine tools merchant, is raising £537,000 by a one-for-five rights issue at 35p.

At the same time the company reports pre-tax profits for the year to March 31 up from £450,956 to £647,547, on sales £2.7m ahead at £10,045,470. Tax takes £21,294 (£14,822).

Proceeds from the rights issue will finance further expansion and reduce short term borrowings. The Board has also proposed a scrip issue of 11 for 10 and promises to raise the total dividend in the current year by 140 per cent.

In the market yesterday Norton's shares slipped ½p to close at 46p.

A final dividend of 0.34267p per share (0.30679p) is proposed for the year just ended making a total of 0.68534p (0.61358p). However, it is intended to recommend dividends for the year ending March 31, 1979 on the enlarged capital totalling 1.65p per ordinary share.

The directors have irrevocably undertaken to accept the offer in respect of 440,786 new ordinary shares of their total entitlement of 566,852 new shares.

The issue is underwritten by Laurie, Milbank and Company.

The profit before tax includes pre-tax profits of Irving White for the period February 17 to March 31, 1978, amounting to £47,842. This company was acquired in February this year, and is making its anticipated contribution to group earnings. Norton says that trading for the group as a whole during the first three months of the current year is appreciably in advance of the same period last year.

Stated earnings per share after exceptional items are 7.75p (5.4p) or 3.8p (2.68p) on a full tax charge.

comment

W. E. Norton's rights issue comes at a time when the share price has risen three times in just over a year. The proceeds will roughly halve the overdraft and cut net borrowings to about 50 per cent of shareholders' funds. Meanwhile taxable profits are up 44 per cent on sales 37 per cent ahead and with White expected to contribute £300,000 this time, profits in the current year could top £1m. Norton's stocks are traditionally high (about 80 per cent are finished goods in anticipation of future requirements) but the group has a good record in judging the market. The machine tools sector is still sluggish but Norton scores with quick deliveries, two-thirds of which are supplied from abroad. The group sees great potential in selling foreign machines which British manufacturers are unable to provide. At 46p the shares stand on an ex-rights yield at 3.66 per cent.

CRELLON

Crellon Holdings announces that applications were received for 5,011,825 12 per cent convertible cumulative participating preferred redeemable shares at 10p (92.77 per cent) offered by way of rights.

Applications in respect of excess shares were received for a further 5,314,583 shares.

Shareholders who applied for excess shares will receive allotments as follows: up to 850 shares applied for—allotment in full; in excess of 850 shares?allotment of 853 shares.

DOWNING SCRIP

G. H. Downing is proposing a scrip issue on the basis of one-for-one.

Berec sales and profits improve

Mr. Lawrence Orchard, chairman and chief executive of the Berec Group (formerly Ever Ready) told shareholders at the annual meeting that in the first three months of the current year third party sales world-wide showed an increase in financial terms of some 17 per cent compared with the previous year, and profits before tax had also improved.

He reported a "continuing improvement" in exports.

New projects—and there were several—would not necessarily make any meaningful contribution to profits either this year or next. In the short term, they could even be a drag on profits, but viewed in the longer term should make a very real contribution to prosperity," he said.

Allied Colloids falls in second half

SECOND HALF pre-tax profits of Allied Colloids Group, industrial chemicals manufacturer, fell from £2.91m to £2.18m and left the figure for the full year, ended April 1, 1978, behind from a peak £5m to £4.54m.

Directors say that profits were adversely affected not only by the value of sterling but also from an erosion of margins, principally from increased costs which could not be recouped by higher selling prices.

At the interim stage directors said that profits for the full year were likely to be in line with those for 1976/77.

While the longer term prospects for the group continue to be encouraging, the results for the current year will depend, directors say, in addition to the performance of sterling, on the group's ability, by an increase in sales volume, to absorb costs which continue to rise.

They add that it is too early, having regard to the state of world markets, to forecast what results will be for the current year, but say that group sales for the first quarter were more than 25 per cent ahead of the same period last year.

Sales for the year were up by 17 per cent, from £19.45m to £22.87m; 72 per cent was to overseas customers, £16.54m (£13.77m), and £6.32m (£5.68m) in the UK.

Earnings per 10p share are shown as 5.464p (5.656p) and the dividend is effectively raised from 1.51667p to 1.694p net with a final payment of 1.117p.

	1977-78 £000	1976-77 £000
Turnover	22,868	19,443
UK	6,324	5,679
Overseas	16,544	13,766
Profit before tax	4,539	4,999
Tax	2,245	2,624
UK payable	1,288	2,020
Deferred	837	469
Overseas payable	128	135
Available	2,294	2,375
Interim dividend	344	202
Proposed final	471	419
Leaving	1,579	1,754

● comment

Price restraint and overcapacity in the specialist chemical market has trapped Allied Colloids for the present. This is clearly putting a strain on margins, which have dropped by almost six points to 19.8 per cent for the year, and profits are almost a tenth lower. In addition, with around 73 per cent of production going overseas, the problem has not been made any easier by the stronger pound. Meanwhile, costs are continuing to rise and there are no price rises in the pipeline. Hence the company's push for volume sales —17 per cent last year. Backed up by the recently enlarged research and development facilities, AC is selling in new areas of industry where advanced chemical processes can be used to cut costs. So far this year volume is around 25 per cent higher. At 71½p the shares are on a p/e of 12.6 while the yield is 3.7 per cent.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims:—General Funds Investment Trust, Imperial Group, Watson and Philip.

Finals:—British Building and Engineering Appliances, C. H. Industrials, Daejan, Diamond Stylus, Distillers, Ferguson Industrial, Howden, Mitchell Somers, Symonds Engineering, Trafford Carpets, United Gas Industries.

FUTURE DATES

Interims:—

Inveresk ... July 19

London and Lomond Invest. Tst. July 20

Finals:—

Dyson (J. and J.) ... †Aug. 1

Hillards ... July 27

Hogg Robinson ... July 18

Steinberg ... July 28

Unigate ... July 20

† Amended.

Moorgate Inv. earns and pays more

Gross revenue of Moorgate Investment Company rose from £285,334 to £339,383 and taxable revenue finished the May 31, 1978, year ahead at £289,779 compared with £239,063 last time.

Earnings per 25p share are shown as 4.064p (3.245p) and the dividend is increased from 3.055p to 3.82p net, costing £178,012 (£142,363), with a final of 2.32p.

Pre-tax figure was struck after administration expenses of £19,881 (£18,941) and interest £29,723 (£27,390), and was subject to a tax charge, including imputed tax credits, of £100,387 (£87,832). Available profit emerged as £189,392 (£151,231) and £11,380 (£8,868) was retained.

Net asset value per share as at May 31 was 104.9p (82.3p).

Bonser Eng. halved at midway

AFTER CHARGING £53,700 compared with £55,400 for new product development, taxable profit of Bonser Engineering fell from £210,700 to £104,900 in the May 31, 1978, half year. Turnover rose from £5.15m. to £5.86m.

Although Mr. R. L. Greensmith, the chairman, believes that on balance net results for the full year may be marginal the outlook for the following year is healthy, he says.

The first-half result is subject to tax of £54,500 (£109,600) and after a steady interim dividend of 0.42p net per 20p share costing £25,200, retained profit was £25,200 (£75,900). Last year a 1.0223p net final was paid on record taxable profits of £490,063.

The chairman says Bonser lift trucks had a good first half year despite difficult conditions for the industry as a whole. As anticipated the UK foundry downturn produced losses at Chilwell Foundries, but the current improvement in order intake for special ductile iron signifies a return to profit by the year end.

The costly rationalisation of Bristol Pneumatic is to be completed on schedule during the current year with resultant profit for 1979.

During the first half the company began the planned reorganisation of Hercules Hydraulic by dividing off the customised Bonser products into the newly formed Nash Handling Equipment.

Demand for Bonser lift trucks is being maintained at an improved level. In short the board foresees a growing market for the major earner with all-round improvement in the rest of the group.

Rotaprint declines to £0.3m

WITH THE recovery indicated by the first-half increase from £64,000 to £111,000 evaporating under increased pressure on selling prices in the second six months, pre-tax profit of Rotaprint fell from £411,000 to £318,000 in the April 1, 1978 year.

However, directors are guardedly optimistic about the future.

Turnover for the year rose from £10.86m to £12.87m, and the result was after interest of £176,000 (same). There is a £27,000 tax credit compared with a £72,000 charge.

Last year there was a £40,000 extraordinary debit from non-recurring start-up costs at a new factory.

Earnings per 20p share are given at 6.56p (6.54p), and the final gross dividend of 2.7453p (2.4585p) takes the total from 4.06284p to 4.44303p gross.

The group manufactures printing and duplicating equipment.

Near £0.16m by Jacksons Bourne End

After showing recovery from a pre-tax loss of £70,000 to a profit of £72,000 at halfway, Jacksons Bourne End, makers of millboard, etc., ended the year to April 1, 1978, with a surplus of £157,000 compared with a deficit of £26,000 last time.

Trading prospects must necessarily depend to a large extent on the conditions in the industry served by the company, the directors comment. However, in view of the improved position, there is a return to the dividend list with a payment of 2p per 25p share. The last dividend was a final of 1.7965p net paid from a depressed profit of £38,794 in 1975-76.

After tax of £79,000 (credit £11,000) the net balance for 1977-78 came out at £78,000 (loss £15,000). This time there was an extraordinary debit of £133,000 (credit £18,000) which represented the costs associated with reducing capacity at the board mill, offset to some extent by the surplus on the sale of properties.

Countryside Props. upsurge: well placed for development

THE DIRECTORS of Countryside Properties report an upsurge in pre-tax profits to £213,000 for the six months to March 31, 1978 compared with £49,000 for the same period to December 31, 1976.

Profit for the 15 months to September 30, 1977 recovered to £243,000, against £60,000 for the previous year and a loss of £1.3m for the 1974-75 year.

In their report on the 1976-77 period directors said they expected a further significant increase in profitability for the current year.

Turnover for the half-year more than doubled from £2.74m to £5.85m and directors say that first-half profit margins reflected the substantial proportion of turnover derived from sites which, because of changed circumstances since their acquisition, could be developed only at reduced margins.

Sites now being developed or held for future development are expected to show improving profit margins, they add.

The majority of Countryside houses programmed for completion before the financial year-end have been forward sold and the directors expect that second-half results will show further improvement in profitability.

The interim dividend is increased from 0.1625p to 1.005p net per 5p share, absorbing £34,000 (£10,000) and is based on a 33 per cent ACT charge—the final payment for the 15-month period was 1.3225p.

Tax took £17,000 (£5,000) and £162,000 (£34,000) was retained.

Liquidity continues to improve and there are now considerable unused clearing bank facilities, so the group is well placed to expand operations as suitable opportunities occur.

Steps have been taken to extend Countryside's geographical spread of operations within the London commuter area. A new subsidiary, Countryside Build (Southern), has been set up to concentrate on developments to the south and west of London.

Directors say that demand for new commercial accommodation is growing in some areas and the group is moving from its recent policy of restricted commercial development activity to serious consideration of new projects.

Radiant Metal starts well

The first three months show a satisfactory start to the current year at Radiant Metal Finishing Company, Mr. G. W. Collis, the chairman says in his annual report.

There has been a steadying in the cost of some basic chemicals and metals, but the cost of electricity and water of which the metal finishing division is a large user, continues to rise, Mr. Collis says.

Dwellers, the home furnishings subsidiary, is maintaining satisfactory progress and investigations are being made with a view to future expansion.

For the year ended February 28, 1978, pre-tax profits rose from £153,981 to £187,328 on turnover of £721,273 (£596,712). The dividend is 1.9p (1.73p).

While the group made no direct exports, some 25 per cent of its turnover goes indirectly in exports, by virtue of it forming part of products exported by the group's customers. Meeting, 69 Fairfield Road, Bow, E, August 4 at 12.30 p.m.

Small rise at Robert Jenkins

With turnover slightly lower at £14.61m compared with £14.72m previously, taxable profit of Robert Jenkins (Holdings) advanced from £1.31m to £1.34m in the March 31, 1978, year.

After tax of £0.7m (£0.72m) net profit came out at £0.64m (£0.59m). Earnings per £1 share are shown ahead from 59p to 60.6p.

The final dividend of 13.002p net takes the total from 17.5p to 19.6p.

Directors say all companies in the group had a good year and made a contribution to the profits. The group's export effort is slowly bearing fruit, and currently some 30 per cent of the engineering company's orders on hand are for export.

Robert Jenkins and Co. has completed its major capital expenditure programme and the new plant and layout was in full operation last autumn, they say.

Throughout the year the group has been mainly in credit at the bank, and the board is confident that it can meet all its financing needs in the foreseeable future, possibly without the need to make use of the available overdraft facilities.

All the companies within the group are seeking an increase in turnover and profit, but trading conditions are still difficult and competition in all markets is very keen indeed. At this stage, it would be imprudent to forecast very much change on the results obtained last year.

Tecalemit expects more growth

The current year at Tecalemit has begun satisfactorily and subject to the usual provisos, another year of growth can be expected, says Mr. Nigel Bennett, chairman, in his annual statement.

As reported on June 28, pre-tax profits for the March 31, 1978 year expanded by 31 per cent to a record £3.7m (£2.83) and the company plans to boost its dividend total from 3.22p to 5.47p net per share if statutory limitation ends, as expected, on July 31, the proposed final is 3.6482p, but will be amended, if necessary, at the AGM.

Exports from the UK increased by 23.7 per cent to £4.5m with the group's garage equipment division accounting for the main part of this rise.

Balance sheet shows total assets at £15.79m (£13.38m) and net current assets at £8.43m (£7.07m).

Auditors say that the valuation of stocks does not include fixed production overheads and consequently is not in accordance with SSAP 9. They add that if these overheads had been included, pre-tax profits would have been increased by £0.32m (£0.15m) and the stock valuation by £1.22m (£0.9m).

Britannic Assurance Company holds 7.25 per cent of the issued ordinary capital.

Meeting, Winchester House, EC, on August 4, at noon.

BUENOS AIRES TRAMWAYS

The liquidator of City of Buenos Ayres Tramways Company (1904), is now holding sufficient funds to enable him to make a further distribution in the liquidation of the company on July 31. This distribution, the 11th, will be at the rate of 11.17p per share.

SHAW CARPETS

The directors of Shaw Carpets states that as ACT has now been determined at 33 per cent, the proposed dividend will now be 2.5138p.

The results, announced on July 7 showed a dividend of 2.5p from pre-tax profits of £699,000 against a £229,000 deficit previously.

David S. Smith to pay more

DIVIDENDS TOTALLING 4.75p compared with last year's 2.66p total are in store for holders of David S. Smith (Holdings) following the proposed reconstruction designed to return some 30p per share.

Documents outlining the proposals show that the directors intend paying a 2p interim dividend in March next, with a 2.75p final to follow.

On the future they say it would be imprudent to attempt to forecast results for the full year as only two months have elapsed. The economic conditions combined with the uncertainties of a general election are causing considerable difficulties in planning, they say.

However, the order book is strong and they look to the future with confidence.

They add that following the cash distribution to shareholders the group's income from short term deposits will be substantially reduced. This totalled £132,633 last time.

A pro-forma balance sheet included in documents shows cash at bank and on hand reduced from £2.12m to £377,689 and net assets from £2.79m to £1.65m. The cost of shares in the subsidiary in excess of the book value of assets acquired is shown up from £210,083 to £969,067.

If the proposals are passed at the August 4 meeting and no more than 10 per cent of shareholders dissent, the meeting will be adjourned until August 18 when the resolution to wind up will be voted on. If this is passed, directors expect that on or about September 8 the issue of non-renounceable share certificates in the new company will begin and the liquidator will commence making payments to holders.

Of the estimated reconstruction expenses of £71,000 the existing company will pay £36,000 and the new company the remainder.

Directors point out that the cash resources of the group built up as its cash flow exceeded requirements over the past 10 years. In recent years legislation restricted its ability to increase dividend and they say they felt the company was vulnerable to takeover.

The documents show that the trading subsidiary, David S. Smith, will, if the deal is approved by shareholders, pay salaries totalling £67,500 to the four directors. In the April 30, 1978 year total management emoluments for the four were £44,079, with a further £3,621 paid in pension contributions.

The directors fees will also rise. The new David S. Smith (Holdings) which will emerge from the reconstruction will pay each director £1,000 per year, with an additional £1,000 to the chairman. Last year the fees of all four totalled £1,575.

One of the directors, Mr. H. A. Smith—who is also the company secretary—was appointed to the Board on September 30 last.

The trading subsidiary will enter into new five-year service agreements with the directors following reconstruction, and the increased salaries will be subject to annual review.

The interests of the directors and their families—including some 1.14m shares held non-beneficially—total 29.4 per cent of shares and they intend voting in favour of the proposals at the August 4 EGM.

If the payout is 30p, the directors' holdings will receive £476,524 from the repayment of surplus cash.

BIDS AND DEALS

General Cable agrees to BICC price

BY ANDREW TAYLOR

BICC, the largest UK cable manufacturer, has won agreement on the $53m (£28.1m) price tag it put, earlier this year, on its 20.1 per cent stake in General Cable Corporation of the U.S.

General Cable is to raise the cash to buy BICC's interest through the issue of $53m Junior convertible preference stock which it is hoped will be offered to the public—subject to shareholders' approval—within the next three months or so.

The U.S. group says it will retain its 8 per cent holding in BICC as a long term investment.

General Cable is expected to put the deal to its shareholders sometime in September but ultimate success will depend largely on the state of the stock market in the U.S.—with the agreement subject to the successful underwriting and issue of preference shares.

The stock will be issued at par with a maximum coupon of 9¾ per cent. The conversion price will be at $18.50, which is the price per share that General Cables is paying BICC for its stake.

The deal is conditional upon General Cable's share price not being less than 75 per cent of $18.50 during the 10 days prior to the shareholders meeting to approve the scheme.

In April BICC gave General Cable—under the terms of an agreement negotiated in 1970—90 days to accept its price tag after which BICC would have 120 days grace to seek an alternative purchaser.

The price of £28.1m compares with the £28.8m BICC paid for its stake in 1970—when it was envisaged that the two groups would act as partners in achieving a greater share of the U.S. Cable market. Since then the American company has reduced its interests in cables while BICC has been disturbed about a lack of consultation between the groups.

Because of the complex nature of the 1970 agreement it has been a highly complicated procedure for BICC to unwind itself from its U.S. investment. Should the current deal fail, there is an equally detailed timetable that the British company will have to follow if it is to find an alternative purchaser.

BICC has said that it will use the cash realised from the deal either for its existing business or aquisitions overseas—notably in the U.S.

RIT STEPS UP GODFREY DAVIS STAKE

Rothschild Investment Trust, which helped make possible a bid for London Sumatra earlier this year, has increased its stake in Godfrey Davis the car rental company, to 9.4 per cent.

A spokesman for RIT said yesterday that Godfrey Davis was a different kind of investment from London Sumatra and would not form the basis for a bid. RIT's stake is intended to be a long term portfolio investment in a well managed service company, he said.

In its last published balance sheet, RIT had more than 5 per cent of 12 listed companies. Three of those have been the subject of take-over bids and in two cases, RIT was on the bidding side.

PULLMAN DEAL

Through its subsidiary, Carleys Fashion, R. and J. Pullman has acquired the capital of Gerber Bros., C and V Fur Fashions and Howard Furnishing, with effect from May 1, 1978, for £387,000 cash.

Profit of the Gerber group for the year 1977 was £54,000 pre-tax. Net assets at April 30 1978 come to £333,000 after £73,751 deferred tax liabilities. The assets currently include approximately £293,000 cash.

CORNERCROFT PREF.

Armstrong Equipment's offer for the ordinary shares of Cornercroft having become unconditional, Armstrong is now making an offer of 35p in cash for each £4.55 per cent cumulative preference share.

The Board and its advisers County Bank consider the offer is fair and reasonable and unanimously recommend its acceptance. The directors have already accepted on behalf of their 9.4 per cent ordinary shares.

70p OFFER FOR W. G. FRITH

W. G. Frith, after almost 40 years as a public, albeit a close company, is poised to return to private ownership with three members of the Frith family making a 70p a share bid valuing the company at around £368,000.

The trio, Mr. Robert, Mr. Dennis and Mr. Ian Frith already control 64.2 per cent of the company including their own joint holdings of 37 per cent, held through the privately owned Frith Foils.

The offer has the backing of Mr. Spencer H. May, chairman and independent director of G. W. Frith and the company's independent advisers James Finlay Corporation.

Close Brothers has advised the three men who have launched their bid for W. G. Frith—aluminium converters—through their Frith Foils company.

AGB BACKING FOR HULTON

AGB Publication, a wholly-owned subsidiary of AGB Research, has subscribed £90,000 cash for 85 per cent of the capital of Hulton Technical Press which has recently acquired the trade journals formerly published by Hulton Publications, involving a total outlay of £560,000.

AGB has agreed to provide HTP with £150,000 of long-term finance (bearing interest at 9 per cent) and such further working capital, not expected to exceed £150,000, as may be required to operate the business.

The three executive directors of HTP, Mr. J. C. McBride (managing), Mr. A. B. C. Rodgers, and Mr. H. S. Watson will continue with the company and together retain the remaining 15 per cent minority holding.

Fairclough £3½m purchase

In a £3½m deal Fairclough Construction has agreed to acquire Robert Watson, the privately owned construction engineers.

Mr. Owen Davies, chairman of Fairclough, said yesterday that the group had recently received a number of approaches regarding new projects overseas—notably in Africa and the Middle East—where Watson's structural steel experience would be valuable.

He said that the two companies had co-operated on projects for a number of years and had been particularly associated with the construction of specialised multi-storey car parks.

Fairclough is to pay £3m in cash—to be raised by the placing of new shares—with the balance satisfied by the issue of 591,500 ordinary shares to the vendors.

Last year Watson, which is based in Lancashire earned pre-tax profits of £709,000 on sales of £13.1m. Net tangible assets at the end of the year were £3.46m.

Fairclough announced yesterday that subject to future legislation it intends to recommend dividend payments for 1978 totalling 3.5p—an increase of 41 per cent.

HIGHGATE & JOB

Highgate and Job Group, the whale oil trader and protein processor is to withdraw from the production of animal and fish protein feeding meals at the Liverpool factory of Howard Baker (Proteins).

The trading activities of both Howard Baker (Ulster) and Howard Baker (London) will not be affected by this change in policy.

ASSOCIATES DEAL

J. Henry Schroder Wagg and Co. on July 10 bought 5,000 Bowater at 185p on behalf of associates.

ALNWICK BWY.

Grand Metropolitan's subsidiary, Drybrough and Co., has sent out the formal document in its £485,000 bid for Alnwick Brewery Co.

Alnwick's pre-tax profit over the past five years has ranged between £19,000 and £2,000. But the net assets of £216,000 in the last balance sheet include £198,000 of freehold properties as valued by the directors at estimated market values in December 1964." No up to date valuation is included.

The directors of Alnwick and their advisers, Greaves, Grindle and Co., recommend acceptance. In his letter to shareholders, Mr. John Linsley, chairman of Alnwick, writes that a close association with a larger group is necessary to ensure a viable future. Drybrough's products outsell all others to Alnwick's depot and houses.

Customagic continues battle

The battle between Mooloya and Customagic is not yet over. Yesterday the independent directors announced that they were not accepting Mooloya's loan stock and intend to retain their Customagic shares, amounting to about 23 per cent of the equity.

They believe it "most important" that Customagic retains its public listing.

In addition, Customagic's advisers, Grindlay Brandt's say they have written to Charterhouse Japhet, which acts for Mooloya, asking why the cash alternative is not being extended for a further 14 days, in view of the fact that the Takeover Panel required Mooloya to revise its offer upwards by 1p.

Last night Charterhouse said that they were surprised at this statement since they believed the Panel had ruled that the revision was not a new offer and so no extension was necessary. They also say they believed Grindlay Brandts had already accepted this view.

MARTONAIR

Martonair International, the pneumatic control equipment maker has agreed to purchase from Bridon the captal of Austin Beech for £725,000 to be satisfied by the issue of 430,770 ordinary shares and £25,000 cash. The new shares of Martonair have been placed with city institutions.

Net assets of Beech at end-1977 were £494,000 and net pre-tax profit for the year to that date was £101,000. Beech is a manufacturer of a range of glandless pneumatics control valves.

'Not ideal partner' says Wood & Sons

By Christine Moir

The detailed statement from the directors of Wood and Sons, outlining the reasons they are opposing the offer from Newman Industries, is an unusual document.

In it the directors admit that on financial considerations the offer is fair and reasonable but "the disadvantages to the company in becoming a subsidiary of Newman Industries outweigh the financial considerations."

The directors, who own 39 per cent of the equity, say they do not intend to accept the offer (worth 60p in 10 per cent preference shares with a cash alternative) but they do not openly recommend other shareholders to reject it.

They emphasise instead that they feel that Grindley of Stoke (the pottery company with which Newman wants to merge Wood) "is far from the idea trading partner within the ceramic industry."

They note that Grindley has only recently returned to profit and say that this appears "in no small part" to be due to the Government's temporary employment subsidy of £983,231 last year. They believe this confirms their suspicion that Grindley is short of work.

The directors also say that Newman is "not a suitable parent" for Wood because of Newman's history of buying and selling companies.

The document also contains the news that Wood intends to increase its dividend from last year's total of 1p gross to 2.5p, thereby increasing the net cost of dividends from £26,500 as shown in last year's accounts to £67,000.

The total salary paid to the six directors last year amounted to £90,000.

Yesterday's document revealed that four of the directors, Mr. A. P. F. Wood, Mr. H. M. Wood, Mr. L. Ball and Mr. E. Yorke, have service agreements entitling them to 3 per cent of the trading profits (after interest) when profits exceed £40,000.

The document does not contain a profit forecast though the directors do say that orders are currently 27½ per cent above their levels 12 months ago, and that if gas prices are pegged the discrepancy between first-half profits last year and the second half will be less severe.

A revaluation of properties has disclosed a surplus over book value of £473,855.

SHARE STAKES

Powell Duffryn: W. G. Andrews, director, has exercised option rights in respect of 5,017 shares at 58p, increasing holding to 6,117 shares.

Oxley Printing Group: The ITC Pension Trust jointly with the ITC Pension Investments hold 420,000 shares (5.9 per cent).

B.S.G.: B.S.G. International no longer has a declarable interest in "W" Ribbons Holdings ordinary shares (previously 29.9 per cent). The shares sold have been placed by Smith Keen Cutler with institutional clients.

Allied Retailers: H. Plotnek, director, has disposed of 308,436 9¾ per cent preference shares beneficial and 13,800 as trustee. L. P. Fisher, director, has disposed of 34,000 preference shares beneficial.

MEPC: C. J. Benson, director, sold 16,662 shares at 120p on July 10.

General Accident Fire and Life Assurance Corporation: Kuwait Investment Office has increased its holding by 50,000 shares to 12,425,000 shares (7.5 per cent).

Sun Life Assurance Society: Kuwait Investment Office has increased its interest to 5,075,000 shares (8.81 per cent) by purchase of 75,000 shares.

Spillers: M and G Investment Management hold 5.4 per cent of ordinary shares.

Harold Perry Motors: Mrs. T. D. Jackson, wife of director, sold 6,000 shares at 103p on July 7.

Clarke Nickolls and Coombs: J. Mathieson, director, has disposed of 35,000 shares held jointly with G. Mathieson.

OIL & GAS NEWS

Dry well in Baltimore Canyon

SHELL OIL has abandoned its first wildcat well in the Baltimore Canyon area of the Atlantic Ocean following negative drilling results.

The well was drilled on block 632 about 73 miles off Atlantic City, New Jersey, and reached target depth of 14,000 feet on July 5.

Mr. R. L. Ferris, vice-president of Exploration and Production, said "the drilling results were obviously disappointing but more wells must be drilled before the potential of the Baltimore Canyon area is known."

The drilling rig Western Pacesetter II will now be moved to block 273 where Shell and 18 other participating companies will drill a 16,000-ft well.

The Shell block 632 operation is the second dry well in the Baltimore Canyon area following that of Continental Oil.

* * *

A unit of Mobil Oil is to explore for oil and gas in Columbia and expects to commence drilling in the second half of 1979.

The work will come under a new association contract for development of hydrocarbons signed in Bogota by Mobil Oil de Columbia and Empresa Nacional de Petroleos, the Columbian state owned petroleum company.

Mobil will assume all exploration costs and risks, while in the event of commercial development, Empresa will be entitled to acquire a 50 per cent share in the venture.

The contract covers an area in the Guajira peninsula and the adjacent offshore Continental Shelf, encompassing about 1.8m acres.

* * *

Esso Production Malaysia is to drill 12 more wells before the end of the year in its contract area off Trengganu on the northeastern coast of Malaysia, according to a joint statement with Petronas, the Malaysian state-owned oil company. Drilling costs will range from M$3m to M$7m.

Since August, 1977, when Esso began exploration drilling in its peninsula Malaysia contract area, 12 wells have been drilled between 7,000 and 10,000 feet deep.

MINING NEWS

Uranium mines cost battle

BY PAUL CHEESERIGHT

IF U.S. uranium producers are to receive an adequate return on capital from new ventures, the only alternative to price increases is an improvement in the technology of ore processing.

This warning was given yesterday by Mr. H. E. James and Mr. H. A. Simonsen of the extraction metallurgy division of the South African Atomic Energy Board in a paper presented to an international symposium organised by the Uranium Institute in London.

The need for a change in technology is particularly acute where grades of less than 0.1 per cent uranium oxide and mining costs above average are envisaged.

Mr. James and Mr. Simonsen pointed out that although there was considerable expansion in the U.S. industry, mining grades were falling at the same time as the rate of recovery was slipping. The declining recovery trend is likely to continue for the next three years.

"The average mill-feed grade in the U.S. declined from 0.24 per cent uranium oxide in 1965 to about 0.15 per cent in 1976," they said. This is a striking contrast to the grade of 0.4 per cent the Pancontinental-Getty Oil Jabiluka deposit in Australia.

Looking to the possibilities of economies of scale in the U.S., Mr. James and Mr Simonsen predicted greater centralisation of facilities. Larger plants would be required to treat a greater variety of sandstone ores on a toll basis.

Similarly, Denison Mines and Rio Algom, the Canadian producers at Elliot Lake whose futures have been made more secure by the signing of long-term contracts with Ontario Hydro, have a great incentive to further improve ore-processing techniques.

"The need for the incorporation of improved techniques in the new plants to be constructed, will become imperative if capital costs escalate by more than 10 per cent per annum and if the world market price fails to increase (in real terms) during the next decade," stated Mr. James and Mr. Simonsen.

In fact, both these factors look likely to be realised. Costs ha[ve] been increasing in Canada a[nd] the assessment has emerged [at] the Uranium Institute symposi[um] that uranium prices have flatten[ed] out and could even decli[ne] between now and the mid-1980[s].

Price projections are of vi[tal] interest to the potential Australi[an] industry and not least within Western Mining Corporation, t[he] owners of the Yeelirrie depo[sit] in Western Australia.

Mr. James and Mr. Simons[en] noted that the discovery of t[he] calcrete deposit had generat[ed] widespread interest for techni[cal] reasons. They commented th[at] the extraction of uranium fr[om] calcrete is relatively difficult a[nd] costly but this is likely to [be] compensated by low mining co[sts] because the orebodies are lik[ely] to be shallow.

Indeed the draft environmen[tal] impact statement published [by] WMC, more details of which a[re] now available, stated that mini[ng] would be opencast.

The statement envisages thr[ee] production phases after t[he] treatment plant comes on strea[m] at the end of 1984.

The first phase, lasting 10 yea[rs] involves annual production [of] 2,566 tonnes of uranium oxi[de] and 1,016 tonnes of vanadiu[m] pentoxide with a concentration [of] high-grade ore averaging 0.23 p[er] cent uranium oxide.

The ore grade in the secon[d] phase of about 12 years would [be] lower at 0.09 per cent wi[th] uranium production of 992 tonn[es] a year and vanadium output [of] 398 tonnes a year.

The third phase could last fi[ve] and a half years but is depende[nt] on the reserves and grades fou[nd] during the early phases [of] mining.

● In Brussels, the Europe[an] Commission announced that [a] further 5m European units [of] account (£3.3m) had been all[o]cated for uranium prospecti[ng] within the EEC. This brings th[e] total of funds made available f[or] this purpose to 11m units [of] account.

Exploration projects in Belgiu[m], Germany, Ireland, Italy and th[e] UK will benefit from this late[st] allocation.

Bamboo Creek gem search

Australia's Bamboo Creek Gold Mines plans an extensive diamond drilling programme on what it describes as encouraging diamond prospects in the Pilbara region of Western Australia, reports Don Lipscombe from Perth. This was announced at yesterday's extraordinary general meeting, which authorised the company's non-renounceable rights issue of three-for-two at 25 cents per share.

Apart from the Nullagine prospect in the Pilbara, Bamboo Creek has applied for two temporary reserves for diamonds in the West Kimberley gold field, scene of the most intensive pegging activity in several years, with more than 1,000 claims taken up in the past month.

At Nullagine, in partnership with Otter Exploration (25 per cent), Spargos Exploration (25 per cent) and Samantha Mines (25 per cent), Bamboo Creek is searching for the source of the alluvial diamonds known to occur in the territory gravels in the ancient beds of the Nullagine River at Brooks Hill.

Data from a detailed low level aeromagnetic survey of approximately 2,300 square kilometres has encouraged the group. It considers the survey has successfully achieved its objectives in that several magnetic anomalies were located in positions such that if kimberlites cause the anomalies then the causative bodies could be the source of the Nullagine diamonds.

A technical assessment has concluded that ten selected magnetic anomalies may be indicative of kimberlite pipes, with the diamondiferous Brooks Hill considered highest priority for follow-up drilling.

"It is stressed that rock masses other than kimberlites could be the source of these magnetic anomalies. Hence the consortium's next phase of exploration will be an extensive drilling programme," the report says.

However, the Bamboo Creek directors are critical of unjustified share price rises created by diamond prospecting exploration: "a good example is perhaps you[r] company's shares which recentl[y] ran to 50 cents on rumour centred around its Nullagine dia[mond] prospect." The shares ar[e] around 35p in London.

ROUND-UP

Thor Exploration of Vancouve[r] plans further drilling of it[s] Duddridge Lake uranium prospec[t] to the south of Key Lake i[n] northern Saskatchewan. The com[pany] aims to treble its presen[t] drill-indicated ore reserves o[f] 500,000 tons averaging 2 lb uranium oxide per ton. Negotia[tions] are under way with [a] European-based company for th[e] joint financing of the project. Thor is also planning a right[s] issue to provide funds for its 1[?] uranium projects in Saskatchewa[n] and one silver property in Idaho.

Steel Alberta, jointly owned by Alberta Energy and Alberta Ga[s] Trunk Line, has agreed to acquire a major iron ore deposit i[n] Montana. Estimated reserves of the open-pit proposition are of 160m tons of which 80m tons are proven reserves, with an average iron content of 28 per cent.

Shareholders of Canada's Dickenson Mines and Robin Lake Mines (77.4 per cent owned by Dickenson) have voted to amalgamate the companies into Dickenson Mines. The two gold producers at Red Lake, Northwestern Ontario, adjoin and are for practical purposes one and the same mine.

The Anglo American Corporation group's Hudson Bay Mining and Smelting of Toronto, has extended to August 8 its offer to purchase for C$4 per share all the outstanding shares of Whitehorse Copper Mines it does not own.

MINING BRIEFS

CONZINC RIOTINTO MALAYSIA—Sri Timah Dredge production for June 146[?] tonnes.

GEEVOR TIN—June returns: 11,25[?] tonnes treated produced 103 tonnes Black tin (66 per cent Sn.) including 10 tonnes low grade concentrates.

British Dredging accounts qualified

AUDITORS, Deloitte, Haskins and Sells, qualify the accounts of British Dredging Company for 1977 saying that they have been prepared on a going concern basis, the validity of which is dependent upon the fulfilment of proposals for the future reorganisation of the group.

Accounts have been modified to include the revaluation of certain fixed assets, the validity of which is dependent upon: the approval of members, the holders of the 8¼ per cent debenture stock 1985/90, and the holders of the 8 per cent convertible unsecured loan stock 1993/98; the formal consents of the company's principal bankers, certain loan creditors totalling £2,382,890 at December 31, 1977, and the licensors for the transfer of certain licences.

The directors believe that the group has sufficient working capital for the immediate future, providing these approvals are obtained to the proposed reorganisation of its dredging interests—Ready Mixed Concrete, which already owns 27.3 per cent of British Dredging, is to pay £2.21m for a half share in the group's dredging fleet. RMC will acquire 50 per cent of the capital of British Dredging (Sand and Gravel), which subsidiary will then acquire 10 dredging vessels and other assets from British Dredging; the net value of these is estimated at £4.42m.

Following this, British Dredging (Sand and Gravel) will acquire from companies in the British Dredging group, certain fixed assets, including a further six ships, having a written-down value at December 31, 1977, of £1.4m.

Auditors say that in the absence of the approval of these proposals, the going concern basis would be invalid and consideration would have to be given to the consequences of any realisation of assets which might arise.

They add that a provision of £865,000 has been made by the holding company against assets, the group's share of which have a book value of £1.2m, in certain loss-making subsidiary and associated companies. The auditors say they are unable at this time to determine whether this provision is either adequate or excessive.

As known, the group reduced its deficit for 1977 from £1.07m to £0.31m after exceptional credits of £0.47m (£0.42m debits). After all charges there is a net loss of £0.36m, compared with £0.98m.

"I believe we must be sanguine," says Mr. Bryan Clark, the chairman, in his annual statement with the accounts.

He says the aggregates division should be firmly on the road to recovery assuming the reorganisation involving RMC receives the necessary approvals, and the group's construction, engineering and dry dock divisions should make contributions in 1978, although their development is to some extent dependent on a general upturn in business.

Meeting, Cardiff, August 4, at noon.

British insurance is being accused of failing to provide the right kind of cover at a reasonable price. ERIC SHORT reports

Refusing to do battle in the world price-cutting war

UK INSURANCE companies are failing to meet the needs of British industry. This accusation is being made not by Left wing politicians seeking to justify nationalisation of insurance, but by the insurance industry's best customers—the industrial companies themselves.

The insurance managers of British Leyland, Guest Keen and Nettlefolds, Rank Xerox and Glaxo have publicly complained that British insurance companies will not provide them with the right type of insurance at a reasonable price. In consequence, they are increasingly being forced to seek the required cover from overeas insurers, primarily U.S. companies. Indeed, Mr. Michael Faiers of GKN went as far as to refer to London as being "the geriatric ward of world insurance."

In the wake of these criticisms the British insurance industry has presented its usual unruffled phlegmatic face, and official statements in reply to the attacks have been placid almost to the point of smugness. But in spite of this argument that all is well the question of whether British insurance is refusing to meet the needs of the 1980s needs to be asked.

The first factor affecting the industry is the world-wide overcapacity problem. With new insurance operations springing up all over the world, overseas insurance companies are now challenging UK companies in their own backyard. Liability cover is being sold at below cost as insurers, seeking to attract big blocks of premiums, cut their rates in the hope of winning a larger slice of the available business.

British insurers have seen this happen before and expect to see it again, and they claim that they are not going to be panicked into a rate cutting war simply to keep existing business. They say this would be a recipe for disaster, and they feel confident that what business is going away from the London market will return in due course. Meanwhile they are prepared to ride out the storm.

This line of reasoning is valid, for to remain viable in a free market, an insurance industry must operate under conditions of underwriting profitability, and UK insurance has been struggling to break even on its underwriting since the black days of the mid-1970s. The fact that it is still making losses does not indicate that the price charged for insurance is too high.

Stock market reaction to the attacks on British companies was a big non-event. The share prices of the composite insurance companies did not move as a result of the disclosure that the UK insurance industry was declining in the face of overseas competition. One leading insurance analyst felt that the attack was symptomatic of the tough line being taken by companies on underwriting, but he felt reassured by the evidence that insurance companies were putting profitability before consumerism.

Self-insurance

But there are other major features affecting insurance on which the industry remains silent. There is a growing practice among major companies to adopt a certain measure of self-insurance. This can be done either through the use of captive insurance, which involves a company setting up its own insurance operation, or by the buyer of insurance carrying a high level of the risk itself. This move arises from the growing application of risk management and risk control by companies.

The theory of risk management is complex, but basically it means that large companies operating over a wide area can carry much of the liability for fire, accident and other risks at a cheaper cost than insuring these risks. On average, insurance companies only pay out in claims about two-thirds of what they receive in premiums. And because of the high level of premiums it often makes economic sense for companies to insure for the big disaster only. So companies in insuring a risk accept the first £x of the liability and the insurance company is responsible for liability above this amount. This practice is known as deductibles and insurers in general do not like it.

UK insurers are finding it difficult to accommodate the client under such conditions. When the limit is fixed at a *high level*, then the cover being sought is in reality catastrophe insurance. This is a specialist type of insurance transacted by specialist companies. General insurers find that this practice of seeking high deductibles results in an unbalanced portfolio of business with a different spread from that needed to underwrite in the normal way. The insurance companies admit that there is an element of truth in the argument that they are not adjusting their attitudes to the development of risk management and self-insurance. They still hold the view, however, that companies should insure the whole risk with only a small non-repayable limit to cut out the small uneconomical claims.

The other feature is the insurance of product liability, the cause of the complaint by Mr. Terry Sharpe of British Leyland. This has now become a nightmare facing many manufacturing businesses, with the risk of being sued by a member of the public for injury caused by a faulty product. And in this era of consumer protection, governments are likely to tighten up further the legislation relating to a manufacturer product liability.

Industry has been looking to the insurance companies for a lead in providing product liability cover, but this has not been forthcoming. The UK insurance industry, with the U.S. experience foremost in its mind, seems determined to avoid taking over this nightmare from the manufacturers, or at least ensuring that the price for accepting such policies will not result in losses.

The rising cost of court awards for motor accidents shows just how open-ended is the cost to insurers of liability insurance. In the U.S., court awards for damage have risen steadily — a feature known as social inflation — and in the high risk areas such as automobile manufacturing, it is now difficult to get cover because of the high premiums.

The view of the insurance industry is that because of the unpredictability of court awards, then a cautious view has to be *taken in determining premium* rates. This means either no cover or high premiums. It claims that British Leyland could have got product liability as part of an overall package, but not as a one-off risk. British Leyland would not comment on this claim, but admitted that the company insured overseas at a cheaper price.

This probably sums up the crux of the problem. The new breed of insurance manager with a large company is much more aggressive in buying insurance for his employer. He is often under pressure to keep costs down from finance directors who often regard insurance as a necessary evil that drains cash resources. Thus the insurance manager knows what he wants from insurance companies and the price he is prepared to pay. The UK insurance industry, it would appear, is not yet willing to operate in this new aggressive environment.

Advantages

But the fact remains that at present insurance can be bought cheaper from overseas companies, because of certain inbuilt advantages. Overseas companies do not have to support the extensive branch networks that exist in the UK primarily to service individual and small company business. In addition, UK insurers have tended to operate with premiums charged to small companies being subsidised by those charged to larger concerns and with the profitable industrial fire account side subsidising other accounts.

Insurance brokers, have, in general kept very quiet on this controversy. And with good reason. Not only have they a foot in both camps, but they have been the prime movers in bringing about a competitive market on a world-wide basis.

AMERICAN NEWS

Earnings moving higher at International Paper

BY DAVID LASCELLES

NEW YORK, July 12.

INTERNATIONAL PAPER, the largest U.S. paper company, today reported improved figures for the second quarter of 1978, thanks mainly to the strength of demand for all its major product groups.

Sales were $1.05bn, up 11 per cent on the $946m in the same period last year. Earnings were $69.3m ($59.1m) equivalent to $1.46 per share ($1.26).

Mr. J. Stanford Smith, chairman and chief executive officer, said that the strength of customers' orders registered in the first quarter continued into the second. Wood products operations reached record levels due to the rise in housing starts, and the company's North American newsprint operations ran at full capacity.

In packaging products, shipments reached record levels, but earnings continued to be affected by low overall prices, which are still below last year's levels.

Mr. Smith also pointed to the encouraging reduction in world pulp inventories, which was adding strength to the pulp market. Stocks had fallen by 1.3m tons from last year's peak of 2.9m tons, he said.

The company noted that results for the quarter included foreign currency translation losses of $2.4m, compared to $1.6m last year. During the quarter, IP redeemed a Swiss Franc bond issue ahead of time to reduce its exposure to foreign exchange fluctuations.

Record quarter for Owens Illinois

TOLEDO, July 12.

SALES and earnings for Owens-Illinois, the containers group, were a record in the second quarter and the highest for any quarter in the company's history, Mr. Edwin D. Dodd, chairman and chief executive, said today.

He declined to give specific results but said net income was "comfortably" ahead of the $32.7m, or $1.12 a share earned in the corresponding quarter last year.

Sales topped the previous high set in the 1977 third quarter of $726.1m. A year ago, second quarter sales were $687.3m.

Harris Bankcorp

Final net income of Harris Bankcorp for the second quarter was $7.7m, or $1.14 a share, after securities gains of $1,000. In 1977, second quarter income was $7.2m, or $1.12 a share, after securities losses of $112,000, AP-DJ reports from Chicago. Half-year income was $13.3m or $1.98 a share, against $13.5m or $2.12 a share, after a securities loss of $1m, against overall gains in 1977 of $8,000.

Tenneco dividend

TENNECO, the oil, chemicals and packaging combine, will return to its former practice of reviewing dividend policy in the fourth quarter instead of the third quarter, Reuter reports from Houston. The possibility of a dividend increase will therefore be discussed at the October board meeting. Meanwhile, Tenneco now declares an unchanged regular dividend of 50 cents a share for the third quarter.

Good first half for NCR

NCR CORPORATION announced net earnings from continuing operations for the second quarter of $1.41 a share against $1 previously. Total net from continuing operations increased to $39.9m from $27.8m. Operations of units since discontinued produced income of $7.8m or 28 cents a share compared with $6.1m or 20 cents previously.

In the latest quarter there was a gain on the sale of the Appleton Paper division of $110.5m or $3.78 a share.

Net income totalled $158.2m or $5.46 a share compared with $33.9m or $1.20. Revenue of $679.7m compared with $627.8m.

Net earnings from continuing operations for the first six months jumped to $56.8m or $2.03 from $38.2m or $1.40 in the comparable period. Operations of units since discontinued produced net income of $13.8m or 48 cents, against $11.8m or 40 cents.

In the latest six months, gain on sale of assets was $110.5m or $3.78 a share.

Net income of $181.1m or $6.29 compared with $50m or $1.80. Revenue of $1.24bn compared with $1.14bn.

Incoming equipment orders in the second quarter were outstanding, reporting substantial gains over last year's comparable period in the U.S. and all principal markets abroad. All major product lines contributed to the gain.

Mr. William S. Anderson, the chairman, said the data processing industry continues to experience strong demand for its products and services and that NCR is benefiting from the impact of major new products and the continuing expansion of its marketing organisation.

AP-DJ

EUROBONDS

Dollar issue by Penney

BY MARY CAMPBELL

IN OTHERWISE quiet market conditions, a rare example of a straight dollar bond by a U.S. company was announced yesterday. It is $100m for J. C. Penney for five years (bullet). Managed by First Boston (Europe), it offers an indicated coupon of 8½ per cent and an indicated offering price of par.

J. C. Penney, one of the largest general merchandise retailers, is rated double-A by Standard and Poors and single-A by Moody's on its U.S. debt.

Also announced yesterday was a new floating rate note issue, $35m for six years for Banque Extérieure d'Algérie. The issue, also managed by First Boston (Europe), offers a margin over LIBOR of three-quarters of a point with a minimum rate of 8½ per cent.

The BEA issue has been underwritten by the managers.

Further setback for Xerox as jury reverses verdicts

BY OUR OWN CORRESPONDENT

NEW YORK, July 12.

IN A further setback for Xerox, the jury in the marathon anti-trust case pursued by SCM has reversed two earlier verdicts and greatly increased the copier maker's apparent liability for damages.

After returning a series of verdicts on Monday which indicated that Xerox had maintained an illegal monopoly of the plain paper copier market but did not wholly support the claim by SCM, a manufacturer of office equipment, that had been illegally excluded from the market by Xerox, the jury yesterday effectively reversed the second of these verdicts.

After being told by the Judge that the two verdicts seemed to be contradictory, the jury reconsidered and decided that SCM had, after all, been illegally excluded from the market. This reversal means that one of SCM's principal complaints has been upheld, namely that when it tried to enter the plain paper copier market in the 1960's, it was refused access to the necessary technology by Xerox which had bought up most of the relevant patents in order to block competition.

Xerox continued to refuse comment on the case, but SCM stated afterwards, "we are pleased that the jury's verdict sustained our basic claim that Xerox violated the monopoly and anti-trust laws."

However, the verdicts, of which there are nearly 50 affecting detailed aspects of the case, have not all gone SCM's way. The plaintiff's biggest setback was the finding that it was not ready to enter the plain paper copier market in 1964, as it claims it was. This means that SCM will be unable to claim damages from that date. But the jury did find that it was damaged in 1969.

The jury has now been excused until July 19 when hearings on damages are to begin. When these verdicts are returned, the Judge will assess the exact extent of liability and damages. According to lawyers observing the case, the changed verdicts could raise SCM's damages to some $225m, which could in turn be tripled as provided by U.S. anti-trust laws. SCM's initial claim was for damages of $1.52bn based on business it alleged it had lost since 1964.

Caterpilla[r] makes sharp gai[n]

NEW YORK, Jul[y]

CATERPILLAR TRACTO[R] world's biggest manufactu[rer] earthmoving equipment, h[as] a record second quarter net earnings totalling $1 or $1.74 a share, against $1 or $1.36 for the corresp[onding] period of 1977. Sales $1.84bn against $1.45bn.

The major machine tool Cincinnati Milacron had ea[rnings] per share for the first half current fiscal year of $1.9 pared with $1.21, while the board and glassware facturer Federal Paper made $1.43 against $1.33 same period. Light a[ircraft] manufacturer Beech Aircr[aft] per share earnings of $2.3 pared with $1.67 for the fir[st] months.

Agencies

AVCO AFTER THE REORGANISATION

Economic outlook casts a shado[w]

BY STEWART FLEMING IN NEW YORK

FOUR YEARS ago Avco Corporation, which is to supply engines for the new British aerospace HS-146 feeder-liner jet, was in deep trouble. What in retrospect proved to be a wild diversification spree during the conglomerate mania of the late 1960s had saddled Avco with operating and financial problems which had investors in the company's stock in despair.

Today the company is once again paying its shareholders dividends—they were stopped in 1970 and resumed at the beginning of this year—and, since 1974 when it reported a $27.4m loss, its profits have soared.

In the fiscal year to November, 1977, the company earned $116.6m, equal to $4.27 a share fully diluted, on sales revenues of $1.5bn. This year analysts are forecasting a sharp rise in earnings to $4.90 per share.

The company's problems in the first half of the decade had its roots in a spending spree which took an already diversified company with interests ranging from farm equipment and aerospace (particularly aircraft engines) to consumer finance, into an even broader spread of operations.

In 1967 Avco moved into accident health and life insurance with the acquisition of Paul Revere Corporation, a Massachussetts-based company. It also got caught up in the property development field, Californian housing real estate in particular, through Avco Community Developers, and even film production with the purchase of Mr. Joseph E. Levine's Embassy Pictures.

The spending spree saddled it with long-term debt—$596m in the 1974 accounts compared with shareholders equity of $453m—which proved a heavy burden as the economy went into recession in 1974. The credit crunch and stock market collapse at that time also made its mark on the company's operations, particularly its financial businesses, consumer finance and insurance. Moreover, these cyclical problems coincided with a weakening of its aerospace businesses.

The result was that most of Avco's main lines of businesses went into decline together. The company found itself facing heavy losses and a need to restructure its operations.

In 1973 it stopped producing films and took a $48m loss on its cartridge television business. It also sold off its broadcasting operations, one of the more profitable elements in the group, and disposed of parts of its real estate assets at knock-down prices, rather than bear the financing costs. The investments of the insurance companies — which in the 1977 balance sheet totalled $654m — had to be restructured to place greater emphasis on high yielding bonds rather than low yielding equities held for capital appreciation.

AVCO'S SALES AND REVENUES

	Revenues $m		Net earnings $m	
	1977	1976	1977	1976
Financial services	821.3	727.5	50.4	20.5
Products and research	603.3	545.2	47.9	37.4
Motion pictures and land	113.1	72.3	1.79	11.1*
Total	1.5	1.3	116.6	91.3

* Loss

Products and research includes aircraft products, commercial and U.S. Government, with sales totalling $3.3bn in 1977, and earnings of $32.8m.

As the economic recovery gathered pace after 1975, the changes which had been made began to pay dividends. The boom in consumer spending—Avco owns one of the consumer finance compa[nies in] the U.S. with close to 950 around the country—has the company double the of this division. Profits life and casualty insuranc[e busi]ness have also more doubled in the same peri[od].

At the same time the re[covery] growth of the aerospace has been reflected in the [earn]ings of its Avco Lycomin[g divi]sion which produce aircra[ft and] helicopter engines for suc[h com]panies as Textron's Bel[l Heli]copter business as well a[s some] of the major small a[ircraft] manufacturers such as Cessna and Beech aircr[aft].

The recovery of the com[pany's] profits has been reflected [in its] share price which fell as [low as] $2 in 1974 and this ye[ar has] doubled from just over $24½, currently putting [the] shares on a prospective ea[rnings] multiple of around five t[imes].

Investors' caution abu[t the] company's prospects undou[btedly] reflect fears that furth[er in]creases in interest rates coincide with a weakeni[ng in] demand for consumer fi[nance]. There is also concern th[at the] casualty insurance in[dustry] which has been enjoying improvement in underv[riting] results and profits could [go into a] cyclical decline again.

U.S. QUARTERLIES

AKZONA

Second Quarter	1978 $	1977 $
Revenue	211.6m	209.6m
Net profits	1.8m	1.8m
Net per share	0.39	0.38
Six Months		
Revenue	438.1m	415.6m
Net profits	12.0m	9.1m
Net per share	0.97	0.73

CBS INC.

Second Quarter	1978 $	1977 $
Revenue	751.8m	665.5m
Net profits	59.3m	54.9m
Net per share	2.14	1.95
Six Months		
Revenue	1.5bn	1.3bn
Net profits	93.1m	87.9m
Net per share	3.36	3.11

DOW JONES

Second Quarter	1978 $	1977 $
Revenue	388.2m	80.0m
Net profits	11.1m	9.8m
Net per share	0.72	0.63
Six Months		
Revenue	167.0m	153.0m
Net profits	20.3m	18.9m
Net per share	1.32	1.20

FIRST NAT. BOSTON

Second Quarter	1978 $	1977 $
Net profits	15.4m	9.9m
Net per share	1.25	0.81
Six Months		
Net profits	29.7m	19.3m
Net per share	2.42	1.59

GANNETT CORP.

Second Quarter	1978 $	1977 $
Revenue	172.3m	140.4m
Net profits	22.5m	—
Net per share	0.84	0.70
Six Months		
Revenue	320.7m	58.0m
Net profits	37.7m	31.2m
Net per share	1.41	1.17

GT. WESTERN FIN.

Second Quarter	1978 $	1977 $
Net profits	22.1m	18.2m
Net per share	1.48	1.22
Six Months		
Net profits	43.0m	34.5m
Net per share	2.88	2.32

RCA

Second Quarter	1978 $	1977 $
Revenue	1.6bn	1.4bn
Net profits	78.3m	70.1m
Net per share	1.02	0.92
Six Months		
Revenue	3.1bn	2.8bn
Net profits	133.2m	118.6m
Net per share	1.74	1.55

WHIRLPOOL CORP.

Second Quarter	1978 $	1977 $
Revenue	619.1m	507.6m
Net profits	34.4m	27.7m
Net per share	0.95	0.76
Six Months		
Revenue	1.1bn	948.2m
Net profits	59.6m	52.5m
Net per share	1.65	1.45

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Opel profits down sharply from last year's peak levels

BY GUY HAWTIN

FRANKFURT, July 12.

ADAM OPEL, the West German subsidiary of General Motors, today reported that sales last year for the first time exceeded DM 9bn ($4.4bn). This year domestic registrations came up 14 per cent for the first half year and exports are ahead by 3.8 per cent.

As was expected, profits for 1977 were well below the previous year's extraordinarily high level—the net fell back from DM 765m in 1976 to DM 339.5m. But the group's executive Board—which is noted more for understatement rather than exaggeration—described the 1977 returns as "overall good results."

Some surprise has been expressed at the steepness of the Adam Opel profit decline—after all Opel has long been known in Detroit as "the money machine." However, analysts point out that the 1976 performance was exceptional even for the Opel management

It is also argued here that it is very difficult to assess the concern's gross profit. Like most West German companies that show a high rate of return, Opel, it must be assumed, takes advantage of "all possibilities" to keep the tax man's slice within reasonable bounds.

Last year turnover went up by 4.1 per cent to DM 9.17bn ($4.46bn) with the group operating virtually flat-out. Production totalled 925,167 vehicles—,000 up on the 1976 figure

Franchised dealers delivered more than 500,000 vehicles to domestic customers for the first time last year, while the group's new registrations in the domestic car market totalled 491,459 units compared with the previous year's 466,276 units. Market share, however, fell from 20.2 per cent to 19.2 per cent.

Exports fell both in numbers and as a proportion of total unit sales. They declined from 437,994 in 1976 to 422,582 units last year.

Indeed, export performance was one of the factors that reduced earnings. The group's management said that currency fluctuations had adversely affected earnings from overseas sales. At the same time, profits had also been hit by higher taxes — on income, profits and property — and by increased costs

The management pointed out that the concern's current DM 5bn investment programme will not be affected by the drop in profits.

During the first six months of the current year, Opel's sales in the domestic market have continued to rise. Domestic vehicle registrations amounted to more than 300,000 units compared with 278,000. The 8.1 per cent increase took place at a time when total market registrations were up by only 3.1 per cent. The group puts its car market share at 20.2 per cent — a percentage point higher than at the half way mark in 1976.

Exports deliveries this year increased by 3.8 per cent to 229,000 units. At the same time higher market shares were reported in most European countries

Rights by Deutsche Bank

BY OUR OWN CORRESPONDENT FRANKFURT, July 12.

DEUTSCHE BANK, the largest commercial bank in West Germany, is raising DM 320m ($156m) by way of a rights issue.

Terms are one for 12 at DM 200 per share, and the proceeds amount to just under 6 per cent of the bank's stock market capitalisation. The offer represents a discount of a third on tonight's closing price of DM 304.4.

According to the bank's executive Board, which received the Supervisory Board's go-ahead for the rights issue yesterday, the offer will involve the creation of 6m new DM 50 shares. They will carry dividend rights for the whole of the 1978 business year.

Today's statement pointed out that the rights issue will require no increase in authorised capital as a DM 200m nominal increase was approved by shareholders at the 1977 annual meeting. Some DM 60m nominal of this was taken up with the capital increase of October last year and the coming DM 80m nominal issue will still leave some DM 60m nominal to be taken up.

The capital raising will bring the bank's nominal capital up to DM 1.04bn. This spread among some 200,000 shareholders.

The bank, whose operations extend through 45 countries, had a balance sheet total of DM 78.6bn at the end of 1977.

Volvo Car losses worse than expected

By Charles Batchelor

AMSTERDAM, July 12.

VOLVO CAR, the Dutch subsidiary of the Swedish car maker, made a higher loss in 1977 than was foreseen when a rescue package of nearly Fl 200m ($90m) was announced in January. The company produced only 54,500 cars at its plant in Born, in south-east Holland, nearly 20,000 less than was at first expected.

Volvo Car made its worst-ever loss of Fl 125.5m in 1977 —compared with a loss of Fl 119.5m which formed the basis of the rescue operation staged by the Dutch Government and the parent company, Volvo. This loss was almost equal to the accumulated losses of the preceding three years, which totalled Fl 131m. This means that the Dutch state's interest-free loan of Fl 98.3m will be increased by several million guilders.

The sharp worsening of the company's result—losses had been declining between 1974-76 —was due to sales difficulties with its three models, the Volvo 46, 66 and 343. The newly-developed 343 also faced production problems.

Volvo car's sales fell to Fl 723m ($327m) from Fl 832m in 1976. The workforce was 400 lower at 5,900. The company, which since January has been owned 55 per cent by AB Volvo and 45 per cent by the Dutch state, did not intend to publish accounts for 1977 but details leaked out to the Dutch Press. The company's results will in future be consolidated in those of Volvo.

The company had its most difficult year in 1977, Volvo car said. However, a good level of sales is now being achieved in the main European markets and the company is confident for the future.

The form of the Volvo Car rescue operation has been criticised in Parliament, with some MPs saying that Holland could have got more in return for its part in the operation, including a share in the parent company. Holland is still studying the implications of the planned sale of 40 per cent of the Swedish company to Norway.

However, the Dutch unions said earlier this week that they were satisfied with the terms of the agreement, which guarantees that Volvo will not develop or produce another car in the 343 class outside Holland

EUROCURRENCY MARGINS

Counting the cost of lending

BY NICHOLAS COLCHESTER

FOR OVER a year now, the margin of profit made by banks on their international lending has been under pressure. The average spread on loans to countries has fallen in that period from 1.5 per cent to less than 1 per cent over the cost of funds in the interbank market. In the case of some borrowers, notably French State enterprises, this spread has now fallen to ½ per cent.

It is a borrowers' market, bred of sluggish loan demand in the industrial economies. It was only recently that the New York banks began to sense rising loan business back in the U.S. They have already cut back noticeably on their Eurocurrency loans. But European and Japanese banks have continued to push hard for international business. They have been building up their international operations and the asset growth to match them.

At what spread does the profit in the lending business become inadequate? This is a question which is so important, and at the same time so irrelevant, that many bankers only answer it with a chuckle. It is irrelevant because loans are a commodity whose price is in the grip of market forces. Banks feel they must take the rough with the smooth — lose now, keep their clients, and profit later. It is irrelevant because a loan is only one part of a "total relationship." Yet the question is important because in the end — one way or another — its answer is inescapable.

Public discussion of spreads very seldom stoops as low as the underlying figures. The greater part of such talk is aimed at having a small psychological impact on the market. As spreads fall, bankers continue to say that they are losing interest in the game — and continue to play it. Some stick their necks out, saying "one per cent and no lower," and endure a brief period of subsequent ridicule. Others talk hopefully of "signs that market resistance is developing."

Occasionally a banker will state flatly that spreads no longer provide adequate compensation for risk, but if he has not done the underlying sums he is unusual.

The interest on a loan should equal the cost to the bank of the funds, plus the rather higher cost of the capital element in the loan, plus the cost of the loan risk, plus the cost of the manpower needed to arrange and monitor the loan, minus the front-end fee (annualised over the life of the loan). Each of the elements in this basic equation provides food for lengthy argument.

Starting point

● THE COST OF FUNDS. The London Interbank Offered Rate (LIBOR) must be the starting point here because it is the marginal cost of funds for the banking business. If the interbank market is reasonably efficient, LIBOR should partly reflect the access of some banks to cheaper money (be it from the Gulf or from customers in California). Banks are able to lower the cost of their funds through maturity transformation (borrowing and lending in different timescales). But this is a game on its own, providing losses for some and rewards for others. It should play no part in loan pricing. Since LIBOR is an offered rate—the top end of a spread—the average marginal cost of funds to banks will be at least 1/16 per cent lower.

● THE COST OF CAPITAL. Central bank eyebrows tend to rise if the ratio of a bank's earning assets to capital goes much above 20 to one. There are plenty of banks operating at much higher ratios but it is probably fair to assume that between 4 and 5 per cent of any loan must be funded out of capital. The return on this capital element must, for a U.S. bank, be at least 12 per cent after tax if its share price is to stay with the pack. At current tax rates for U.S. banks, this implies a pre-tax return of a minimum of 16 per cent. Most bankers would demand considerably more—and this has a big impact on the acceptable spread on loans.

● THE COST OF RISK. Bank of America, which likes to establish exactly what profit or loss each loan is generating, has an elaborate system for apportioning the cost of risk to each. The risk-cost for any borrower is worked out from a set of tables. The total of such charges in any year will dictate the loan-loss provisions in the year-end accounts. The tables are continuously revised in light of the actual losses experienced. Bank of America's tables remain its own secret. But Henry Wallich, of the U.S. Federal Reserve, suggested in May that the recent losses on foreign loans had averaged one-third of 1 per cent of the total. This suggests an approximate risk-cost for international lending.

● THE COST OF MANPOWER. This is difficult to quantify—not least because salaried staff are a fixed, not variable, charge. Bank of America resorts to another set of tables based on experience. Its executives suggest that the average cost of making a loan is about 0.05 per cent of the total.

Pill-sweetener

● THE FRONT END FEE. This is the traditional pill-sweetener in the lending business, but as the loan market has swung further in favour of the borrower, the front-end fee has come down with spreads. The current average is about ½ per cent which, spread over the life of an eight-year loan, represents an extra 0.1 per cent of spread. The picture is complicated by the fact that this fee is traditionally divided unequally between the lead banks and other members of the loan syndicate. But with the decline in spreads, it has become increasingly difficult to practice such discrimination. The tendency these days is for all big participants to be regarded as co-managers.

Filled out with these assumptions, and with the current six-month LIBOR rate of 9 per cent, the equation of costs and revenues suggests that current spreads are right in the area where resistance should logically build up. To get a thin 16 per cent pre-tax return on capital on an average overseas loan, a typical U.S. bank needs a loan spread of 0.55 per cent. If the required return is raised to 20 per cent, the necessary spread rises to 0.75 per cent.

On the other hand, if the earning-asset/capital ratio is stretched out to a continental 35 to 1 the spread needed for a 16 per cent return drops to 0.4 per cent. These variations show how widely the acceptable spread moves with changes in the capital element of a loan. The calculation ignores the currency and tax risks faced by European banks.

Logically, today's spreads should be at the sticking point, but how logical can an international banker be? A slippery argument leads him downwards into trouble. First there is the notion of "account profitability": it is alright to make a loss on a loan provided a net profit results from all the other fees and deposits won from the borrower. The next fall-back position is that an account should provide a profit over time: the account may be a loser now, but it is worth keeping for the future.

Two other considerations urge the banker down this path. "A successful bank must show an expanding balance sheet," and "no self-respecting banker can refuse to make loans at what is clearly the going rate."

If these arguments have the upper hand—and many bankers suspect that they do—the equation of risk and reward remains little more than a curiosity. One of two events is then required to halt the slide in spreads. The painless solution is that industrial loan demand in the West picks up and the bankers drift happily into greener pastures. The alternative is some rude shock—the failure of a bank or the default of a borrower. It is with depressing frequency nowadays that international bankers confide that "what we need is another Herstatt" to bring the lean times to an end.

Challenge for Pakhoed

BY OUR OWN CORRESPONDENT AMSTERDAM, July 12.

AN INDEPENDENT Dutch pressure group is challenging the 1977 accounts of the storage, transport and property concern, Pakhoed Holding. The challenge comes from the Foundation for the Investigation of Business Information (SOBI), and a preliminary hearing will be held before the business chamber of the Amsterdam district court tomorrow.

SOBI said that Pakhoed has overvalued its 15 per cent holding in the Dutch shipping group Van Ommeren by Fl 22m ($10m). Pakhoed has also incorrectly counted a tax credit of Fl 13m towards shareholders' equity, it claimed.

SOBI also called for more information on the conditions applying to loans generally. It said the accounts should list separately the results of Pakhoed's crude oil storage business since this is of fundamental importance for the company's continued existence.

It also asked for the inclusion of liabilities for the oil terminal on the Maasvlakte near Rotterdam in the accounts.

Pakhoed reported a sharp decline in net profit in 1977 to Fl 3.9m ($1.8m) from Fl 43m. Sales fell by Fl 44m to Fl 413m. Property sales accounted for about half of the profit figure. SOBI is a pressure group set up in 1976

Bank denies Verwa link

ZURICH, July 12.

NEDERLANDSCHE Middenstandbank (Schweiz) AG said it is in no way financially involved with the West German Verwa-Bank and has no liabilities to it.

It said in a statement, following yesterday's news of financial problems at the German bank, that the partnership in Verwa-Bank it manages in its own name was only assumed on a trustee basis on behalf of a customer.

It was announced yesterday that Germany's banking supervisory agency in Berlin had ordered Verwa's temporary closure.

Agencies

Rheinmetall optimistic

BY OUR OWN CORRESPONDENT FRANKFURT, July 12.

RHEINMETALL BERLIN, which saw net profits slide from DM 9.1m to DM 5.5m last year but expects improved business in 1978, has decided to restructure a large part of its machinery activities in the face of a heavy drop in mechanical engineering orders.

Six of its subsidiaries in the unmoulded technology sector are to be brought together this year under one roof, the aim being to create a tightly structured unit as part of a strengthened mechanical engineering division.

A glace at the 1977 balance sheet gives an indication of the difficulties that the defence contracting and mechanical engineering concern is facing. Orders at the end of 1977 stood at DM 1.39bn—well up on the DM 947m at the end of 1976.

However, bookings for the group's defence technology products accounted for DM 1.27bn of the total order book. This compares with DM 790m at the end of 1976.

The group's external turnover in 1977 totalled DM 734m ($359m) against the previous year's DM 711m. Of this, however, the defence technology sector contributed sales of DM 475m compared with 1976's DM 445m.

MEDIUM-TERM CREDITS

Three loans for Brazil

By Mary Campbell

TWO major Brazilian loans have been signed so far this week, while a third is due for signing today. They are $175m for Itaipu Binacional, $130m for Mineracao Rio de Norte, and, due for signing today, $150m for the Sao Paulo energy company CESP.

Although originally announced only three to four months ago, the loans all carry high margins relative to current levels. This means that demand tended to be high among banks but the Brazilians, who can now get cheaper money, have not increased the size of any of them from the originally scheduled levels.

Details of the Itaipu loan, managed by Citicorp International, Cie Financière de la Deutsche Bank, and Morgan Guaranty, include a margin over inter-bank rates of 1¾ per cent on a $100m 10-year tranche and a margin of 2 per cent on a $75m 12-year tranche. The loan is guaranteed by Brazil.

The Rio Norte loan is a 10-year project financing for the development of the Trombetas Mines in the Amazon. Managed by Orion, Irving Trust and Royal Bank of Canada is paying a margin of 1⅝ for 10 years.

The CESP loan, managed by Morgan Guaranty, is paying 1⅝ per cent for $100m over 10 years and 1¾ per cent for $50m over 12 years.

INTL. FINANCIAL AND COMPANY NEWS

Sumitomo Bank merger opposed

By Our Financial Staff

THE MERGER of Sumitomo Bank and Kansai Sogo Bank is to go ahead if Kansai Sogo employees withdraw their opposition to the plan, Sumitomo has announced. It was reported last week that merger talks between the two banks had been taking place.

Sumitomo is the third largest of the Japanese City banks, while Kansai Sogo is a medium-sized mutual savings bank, based in Osaka.

The merger—unusual in being between different kinds of banks, and the first involving a City bank since 1968—would create the second largest bank in Japan in terms of deposits after Dai-Ichi Kangyo Bank. The combined deposits of the two banks would be Y8.3 trillion (million million) equivalent to some $40bn, against Dai-Ichi Kangyo's Y9.4bn.

Kansai Sogo Bank said that it decided at its Board meeting late last month to seek a merger with Sumitomo by April 1, next year, but that its labour union raised opposition to the move. It is trying to persuade the union to support the plan.

Kansai sees the merger with Sumitomo—its largest shareholder—as a way of meeting the impact of the business slump in Japan.

Mergers and business tie-ups between banking institutions have been encouraged by the Ministry of Finance.

Mitsui Sugar capital cut

TOKYO, July 12.

SHARES IN Mitsui Sugar Company are to be suspended for a week from July 25 on the Tokyo and Osaka stock exchanges, following the company's decision to reduce its capital by 60 per cent.

Mitsui Sugar said that it has decided to reduce its capital to Y1.32bn, from the present Y3.3bn, as the result of a business slump.

The step has been decided to prevent possible sharp fluctuations in the share price. Trading is expected to resume from August 1 after the capital reduction is completed.

Reuter

Chikuma Shobo

Chikuma Shobo, a major publishing company in Japan, has applied to Tokyo District Court for protection under the Japanese corporate rehabilitation law, according to Kyodo News Agency.

Debts are estimated at about Y5.3bn, reports AP-DJ from Tokyo.

Chikuma Shobo is the second leading Japanese publishing firm to go bankrupt in less than four years. Sanseido collapsed in November, 1974, with debts of about Y5.3bn.

Japanese bond holdings

Some 215 Japanese companies held bonds worth Y33.40 trillion (million million), or $164bn, as investments of surplus funds at end-March, or 17.8 per cent more than a year earlier, according to a survey by the financial daily, Nihon Keizai.

Bonds worth Y1.71 trillion were held in Gen-Saki Trading—a market for short-term trading in bonds under repurchase contracts. This represents an increase of 32.9 per cent, Reuter reports from Tokyo.

The 10 largest holders of bonds were Toyota Motor Company, Mitsubishi Corporation, Nippon Steel Corporation, Hitachi, Mitsubishi Heavy Industries, Matsushita Electric Industrial Company, Toyota Motor Sales Company, Sumitomo Corporation, Marubeni Corporation, and Nissan Motor Company.

Indian dividends

Corporate dividends in India in 1977 were 6.9 per cent lower than in 1976, according to the Economic Times newspaper. An analysis by the business daily's research bureau of 242 large and medium sized companies showed that dividends fell to Rs 1.77bn in 1977 from Rs 1.9bn in 1976, Reuter reports from New Delhi.

World Bank record issue of yen-denominated bonds

BY ROBERT WOOD

TOKYO, July 12.

THE World Bank is to issue yen-denominated bonds here worth Y75bn ($375m)—50 per cent more than the largest previous issue of yen-denominated bonds by any borrower except for the Japanese Government. The previous record was set by the Bank's last borrowing in the Tokyo market, Y50bn last December.

The new issue will carry a coupon of 6.5 per cent for a term of 15 years. It will be offered at par, on July 28.

The interest rate is 0.1 per cent to 0.2 per cent higher than comparable bond issues in the April-June quarter. Although short-term interest rates have generally continued to fall recently, demand for long-term bonds denominated in yen has turned sluggish. Many investors have begun to expect a significant economic upturn by the end of the year, which would push up interest rates, and foreigners have become less anxious to buy yen bonds as the yen has approached 200 to the dollar. This spring, as the yen was crossing the 230 rate, foreigners accounted for as much as 60 per cent of the purchases of yen-denominated bonds.

The World Bank will use the money from this issue for on-lending in yen, so it faces little exchange risk. Officials of the bank have recently said that they would avoid U.S. dollar lending this year because of high interest rates in the American market. The yen ranked fourth as a World Bank lending currency at the end of March this year, with the equivalent of $2.3bn outstanding, compared with $5.8bn in Deutsche Marks, $5.2bn in U.S. dollars, and $2.7bn in Swiss francs. The bank also lends in nearly a dozen other currencies.

Nomura Securities, Japan's largest brokerage house, is lead manager for the issue. Japan's other three top securities dealers are co-managers, and 28 other companies are participating in the underwriting syndicate.

Gain at Chase National Egypt

BY MICHAEL TINGAY

CAIRO, July 12.

CHASE NATIONAL Bank of Egypt, the joint venture between Chase Manhattan and the National Bank of Egypt, raised its operating profits by over 90 per cent in 1977 to E£2.8m ($3.9m), after allowing for Egypt's 1976 banking year having covered 15 months.

The declared profits compare with E£1.9m reported in fiscal 1976. Total assets rose substantially during the period with the balance sheet position showing E£116.7m ($165.7m) in 1977, compared with E£78.9m in 1976, and contingent liabilities of E£91.5m against E£23.5m.

Deposits rose from E£58.2m in 1976 to E£87.2m last year. The loan-deposit ratio rose sharply—with total loans increasing from E£14.1m to E£34.0m.

Chase National Bank was the first of the foreign and joint venture banks to open in Egypt after President Sadat began his "open door" economic policy. It and all the other foreign banks with operations in Egypt have so far been making substantial profits, though Chase National is by far the biggest money maker. Citibank, which is probably the next in line, does not declare its profits since it is a foreign branch as opposed to an Egyptian established company.

The most striking aspect of the 1977 figures for Chase National is the improvement in the proportion of loans to deposits. The loan-deposit ratio rose from less than 25 per cent to almost 40 per cent. Despite the rise in loans, foreign bankers are still conscious of the absence of good lending opportunities. They cite the absence so far of multinational companies in Egypt and the small scale of the private sector as the principle reasons for this.

Chase National now employs more than 200 people in its four branches (two in Cairo, one in Port Said and one recently opened in Alexandria).

It has established itself as one of the symbols of the "open door" policy. Although Cairo now appears overbanked, the sector is expected to continue making substantial profits for the immediate future.

Singapore eases offshore bank rules

BY H. F. LEE

SINGAPORE, July 12.

DOMESTIC BANKING in Singapore has been given a more competitive framework by a Monetary Authority of Singapore decision to relax restrictions on offshore banks' lending to Singapore residents.

There are, however, no signs that offshore banks are pushing to take advantage of the new freedom, which took effect at the beginning of the month, and took many bankers by surprise.

The movement of the offshore banks to increase their lending in this field is expected to be slow because their expertise lies in other activities—dealing in foreign currencies and in Asian dollar market operations. They are thought likely to take a cautionary line over venturing more deeply into the domestic market—particularly since they face an additional problem in the availability of local funds, lacking a deposit base, and having to look to the inter-bank market for burrowings

The only limit now imposed on their lending to Singapore residents is that the total amount loaned by an offshore bank must not exceed S$30m (U.S.$13m).

Previously, offshore banks in Singapore could offer credit facilities in Singapore currency to local residents only after they had extended a term loan of two years or more, the amount of which was in excess of S$1m.

The limit of S$30m, which is believed to be double the previous maximum, may be extended in "deserving cases."

* * *

United Overseas Finance's (UOF) public offer of 5m shares of S$1 each at S$1.50 per share was more than 27 times oversubscribed, underwriters Jardine Fleming Singapore said.

A Jardine Fleming spokesman said the offer, which closed yesterday, attracted applications totalling 137.18m shares valued at S$205.77m, Reuter reports.

UOF is a subsidiary of the United Overseas Bank, which currently holds 93 per cent of UOF's S$19.46m paid-up capital.

UOF made a pre-tax profit of S$5.69m in 1977 compared with S$5.16m in 1976.

In its prospectus last month UOF said it will continue to achieve satisfactory growth and added that the 10 per cent gross dividend paid last year will be maintained this year.

Fibre Containers profit up 38% midway

BY JAMES FORTH

SYDNEY, July 12.

FIBRE CONTAINERS, the Sydney-based packaging group, lifted profit by 38 per cent from A$898,000 to A$1.24m (US$1.43m) in the six months to April 30 on sales up 6 per cent from A$26m to A$27.6m (US$31.72m).

The directors attributed the improvement to internal economies from rationalisation, controls over costs and improved efficiencies achieved from capital expenditure. However, they warned that caution should be exercised with regard to any predictions for the next six months as business in general still lacked confidence with no sign of a lift in demand.

The directors have held the interim dividend at 4 cents a share, payable on capital increased last year by a one-for-three scrip issue. An annual rate of 8 cents a share was forecast by the board on the increased capital. The tobacco, packaging, food and pastoral group, Amatil, in which British-American Tobacco has a large stake, owns 68 per cent of Fibre Containers.

* * *

Courage Breweries of Australia has recommended the proposed 36 cents a share cash bid by Tooth and Co. for the shares in Courage Breweries it does not already own, Reuter reports from Melbourne.

The Courage Board agreed with the independent advice of Hill Samuel Australia that the bid price for the loss-making brewer is fair and reasonable.

In May Tooth purchased the combined 87.25 per cent stakes of Courage, an Imperial Group subsidiary, and Amatil, totalling 30.26m of the 35.09m 50 cent par Courage shares in issue for 32 cents a share.

Listing for General Oriental shares

BY ANTHONY ROWLEY

HONG KONG, July 12.

THE HONG KONG Stock Exchange and the Kowloon Stock Exchange have granted listings, subject to allotment, for all the shares which Sir James Goldsmith's quoted investment vehicle here, General Oriental, plans to issue in connection with its acquisition of Argyle Securities (Holdings) and related transactions. A total of 93m shares is involved in the acquisition of Argyle and 86,000 shares in Sir James' Paris-based investment vehicle, Generale Occidentale.

* * *

Pierson Heldring and Pierson, a leading Dutch merchant bank, today officially inaugurated its newly opened Hong Kong office. The local branch, which began operating in April, is managed by Mr. A. A. Best, writes Ron Richardson from Hong Kong.

Pierson Heldring previously had Asian branches in Japan and Indonesia and in most major money centres.

* * *

State Investment House (Hong Kong), a joint merchant banking venture between Hong Kong and Philippine interests, was officially opened here to-day, AP-DJ reports from Hong Kong.

Mr. Gregoria Licaros, Governor of the Central Bank of the Philippines, and Mr. Michael Sandberg, chairman of the Hong Kong and Shanghai Banking Corporation, performed the opening ceremony of the new company, jointly owned by State Investment House in the Philippines and the Hong Kong Banking group.

The joint venture will engage in investment banking.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan Australia 8½pc 1989	97½	98
AMEV 8pc 1987	95	95½
Australia 8½pc 1992	92½	93
Australian M & S 9½pc '92	97	97½
Barclays Bank 8½pc 1992	94½	95½
Bowater 9½pc 1992	97	97½
Can. N. Railway 8½pc 1986	94½	95½
Credit National 8½pc 1986	95½	96
Denmark 8½pc 1984	97½	98½
ECS 9pc 1993	98½	99½
ECS 8½pc 1997	93½	94½
EIB 8½pc 1992	96	96½
EMI 9½pc 1989	95	95½
Ericsson 8½pc 1989	96½	97
Esso 9pc 1986 Nov.	99½	100
Gt. Lakes Paper 8½pc 1984	97½	98
Hamersley 9½pc 1992	100½	101
Hydro Quebec 9pc 1992	95	95½
ICI 8½pc 1987	95½	96½
ISE Canada 9½pc 1986	102½	103½
Macmillan Bloedel 9pc 1992	94½	95
Massey Ferguson 9½pc '91	98½	99½
Michelin 9½pc 1988	100½	101½
Midland Int. Fin. 8½pc '92	94½	95
National Coal Bd. 8pc 1987	92½	93½
National Wstmnstr. 9pc '86	100	100½
Natl. Wstmnstr. 9pc '86 'B'	100½	100½
Newfoundland 9pc 1989	98½	99½
Nordic Inv Bank 8½pc 1988	96	96½
Norges Kom. Bk. 8½pc 1992	95	95½
Norpipe 8½pc 1989	94½	95½
Norsk Hydro 8½pc 1992	94½	95½
Oslo 9pc 1988	99½	100½
Ports Autonomes 9pc 1991	97½	98
Prov. Quebec 9pc 1993	97½	98
Prov. Saskatchwn. 8½pc '86	97½	98½
Reed International 9pc 1987	92½	94½
RHM 9pc 1992	94	94½
Selection Trust 8½pc 1989	90½	91½
Shell Intl. Fin. 8½pc 1990	95½	96
Skand Enskilda 9pc 1991	97	97½
SKF 8pc 1987	91½	92½
Sweden (K'dom) 8½pc 1987	94½	95
United Biscuits 9pc 1989	97½	98½
Volvo 8pc 1987 March	93½	94

NOTES	Bid	Offer
Australia 7½pc 1984	93½	94½
Bell Canada 7½pc 1987	95½	96½
Br. Columbia Hyd. 7½pc '85	92½	93½
Can. Pac. 8½pc 1984	97½	98
Dow Chemical 8pc 1986	98½	99½
ECS 7½pc 1992	94½	95½
ECS 8½pc 1989	93½	94½
EEC 7½pc 1982	95½	96
EEC 7½pc 1984	94	94½
Enso Gutzeit 8½pc 1984	96	96½
Gotaverken 7½pc 1982	94½	95
Kockums 8pc 1983	96½	97½
Michelin 8½pc 1983	98½	99½
Montreal Urban 8½pc 1981	98½	99½
New Brunswick 8pc 1984	96½	97½
New Bruns. Prov. 8½pc '83	99	99½
New Zealand 8½pc 1986	95½	96
Nordic Inv. Bk. 7½pc 1984	93½	94
Norsk Hydro 7½pc 1982	95½	96½
Norway 7½pc 1982	94½	95
Ontario Hydro 8pc 1987	93½	94
Singer 8½pc 1982	99½	100½
S. of Scot. Elec. 8½pc 1981	98	98½
Sweden (K'dom) 7½pc 1982	94½	95½
Swedish State Co. 7½pc '82	95½	96
Telmex 9½pc 1984	95½	99½
Tenneco 7½pc 1987 May	91½	92½
Volkswagen 7½pc 1987	94	94½

STERLING BONDS	Bid	Offer
Allied Breweries 10½pc '90	89½	89½
Citicorp 10pc 1993	92	93
Courtaulds 9½pc 1989	89½	90½
ECS 9½pc 1989	94½	95½
EIB 9½pc 1988	96	97
EIB 9½pc 1992	92½	93½
Finance for Ind. 9½pc 1987	90½	91½
Finance for Ind. 10pc 1989	93	94
Fisons 10½pc 1987	96½	97½
Gestetner 11pc 1988	91	92
INA 10pc 1988	91½	92½
Rowntree 10½pc 1988	88½	89½
Sears 10½pc 1988	90½	91½
Total Oil 9½pc 1984	89½	90½

DM BONDS	Bid	Offer
Asian Dev. Bank 5½pc 1988	96	96½
BNDE 6½pc 1988	97	97½
Canada 4½pc 1983	97½	98½
Den Norske Id. Bk. 6pc '90	99½	100½
Deutsche Bank 4½pc 1983	97½	98½
ECS 5½pc 1990	90½	91½
EIB 5½pc 1990	93½	94½
Elf Aquitaine 5½pc 1988	94½	95½
Euratom 5½pc 1987	97½	98½
Finland 5½pc 1986	96½	97½
Forsmarks 5½pc 1990	97	97½
Mexico 6pc 1985	96	96½
Norcem 5½pc 1989	99½	100½
Norway 4½pc 1983	97½	98½
Norway 4½pc 1983	96½	97½
PK Banken 5½pc 1988	96	96½
Prov. Quebec 6pc 1990	96½	97½

FLOATING RATE NOTES	Bid	Offer
Rautaruukki 5½pc 1988	95	95½
Spain 6pc 1988	93½	98
Trondheim 5½pc 1988	95½	98½
TVO Power Co. 6pc 1988	96½	97½
Venezuela 6pc 1988	96½	97½
World Bank 5½pc 1990	97½	98½
Bank of Tokyo 1984 8½pc	99½	99½
BFCE 1984 8½pc	99½	99½
BNP 1983 8⅛pc	100½	100½
BQE Worms 1985 9pc	99½	98½
CCF 1985 8½pc	98½	99½
CCMF 1984 8 11/16pc	99½	99½
Creditanstalt 1984 8½pc	99½	99½
DG Bank 1982 9pc	99½	100½
GZB 1981 8⅛pc	99½	100½
Intl. Westminster 1984 8pc	99	99½
Lloyds 1983 8 15/16pc	100½	100½
LTCB 1983 8pc	99½	100
Midland Int. FS '87 8 9/16pc	99½	99½
Midland Int. Fin. Serv. '93	99½	99½
Nat. Westminstr. '90 8 5/16pc	99½	99½
OKB 1983 7½pc	100½	100½
SNCF 1985 8½pc	98½	99½
Stand. and Chrtd. '84 8½pc	99½	99½

Source: White Weld Securities.

CONVERTIBLES	Bid	Offer
American Express 4½pc '87	81½	83
Ashland 5pc 1988	93½	95
Babcock & Wilcox 6½pc '97	107	109
Beatrice Foods 4½pc 1992	95½	97
Beatrice Foods 4½pc 1992	107½	109
Beecham 6½pc 1992	93½	99½
Borden 5pc 1992	95	99½
Broadway Hale 4½pc 1987	75½	77
Carnation 4pc 1987	78	79½
Chevron 5pc 1988	124	125½
Dart 4½pc 1987	80	81½
Eastman Kodak 4½pc 1988	83	84½
Economic Labs 4½pc 1987	78	79½
Firestone 5pc 1988	80	81½
Ford 5pc 1988	85	86½
General Electric 4½pc 1987	80	81½
Gillette 4½pc 1987	75½	77
Gould 5pc 1987	115	116½
Gulf and Western 5pc 1988	85½	87
Harris 5pc 1992	182	184
Honeywell 6pc 1986	86	87½
ICI 6½pc 1992	89½	90½
INA 6pc 1997	93½	97
Inchcape 6½pc 1992	113	116
ITT 4½pc 1987	77½	79
Jusco 6pc 1992	119½	120½
Komatsu 7½pc 1990	141	142
J. Ray McDermott 4½pc '87	141	143
Matsushita 6½pc 1990	182½	184
Mitsui 7½pc 1990	131	132
J. P. Morgan 4½pc 1987	95½	97
Nabisco 5½pc 1988	103½	105
Owens Illinois 4½pc 1987	111	112½
J. C. Penney 4½pc 1987	75½	77
Revlon 4½pc 1987	120½	122
Reynolds Metals 5pc 1988	82½	84
Sandvik 6½pc 1988	108½	110
Sperry Rand 4½pc 1987	91½	93
Squibb 4½pc 1987	83½	85
Texaco 4½pc 1988	77½	79

Source: Kidder, Peabody Securities.

VONTOBEL EUROBOND INDICES
14.5.76=100%

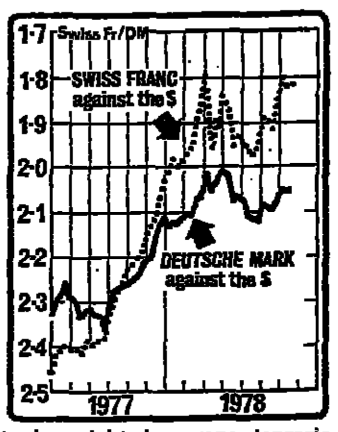
PRICE INDEX	11.7.78	4.7.78	AVERAGE YIELD	11.7.78	4.7.78
DM Bonds	106.01	106.28	DM Bonds	6.491	6.512
HFL Bonds & Notes	103.76	104.90	HFL Bonds & Notes	7.559	7.462
U.S. $ Strt. Bonds	98.77	98.63	U.S. $ Strt. Bonds	8.952	8.952
Can.-Dollar Bonds	99.90	99.83	Can.-Dollar Bonds	9.318	9.333

Currency, Money and Gold Markets

Dollar nervous ahead of summit

The U.S. dollar initially showed a firmer tendency in yesterday's foreign exchange market in generally nervous trading. However it eased later in the day as business fell away. Turnover was thin ahead of the weekend economic summit in Bonn. There may have been some encouragement gained from a statement made by Mr. Takeo Fukuda, the Japanese Prime Minister, that Japan would strive for greater dollar stability at the forthcoming seven-nation conference. The market was somewhat anxious and seemed to be looking for some positive stance from the U.S. and this uncertainty tended to deter most people from taking positions.

Using Morgan Guaranty figures at noon in New York, the dollar's trade weighted average depreciation narrowed slightly to 7.7 per cent from 7.8 per cent.



Against the West German mark, the dollar improved to DM2.0565 from DM2.0490, while the Swiss franc also lost in dollar terms to SwFr1.8192½ against SwFr1.8127½ previously.

There was a fairly good demand for sterling in the light of a generally favourable economic outlook. The market was also affected by the possibility of a new oil find in the North Sea although there appeared to be strong attempts to play down any alleged discovery.

Sterling opened at $1.8845-1.8855 in terms of the dollar and eased on initial dollar strength to $1.8765-1.8775. However, positions were reversed during the afternoon and the pound touched a best level of $1.8860-1.8870 before closing slightly off the top at $1.8850-1.8860, a rise of just 10 points. On Bank of England figures, the pound's trade-weighted index improved to 62.0 from 61.9, having stood at 61.9 at noon and in early dealings.

FRANKFURT—The dollar was fixed at DM 2.0573 compared with DM 2.0466 on Tuesday and showed an improvement from earlier levels. There seemed to be very little in the way of concrete factors pointing towards the dollar's slight improvement with little activity ahead of the weekend. In later trading, the U.S. currency tended to ease slightly at DM 2.0562 near the close, down from its high for the day of DM 2.0590. Against 22 other currencies, the mark's trade weighted revaluation index eased to 145.7 from 146.0, up 9.1 per cent from the end of 1976 and up 0.9 per cent from the end of 1977.

The Belgian franc continued to improve, closing at DM 6.353 per 100 Belgian francs, while the Danish kroner was also firmer at DM 36.64 per DKr 100, up from Tuesday's level of DM 36.57 per DKr 100.

PARIS—The dollar closed below its best levels for the day at FFr 4.4660 having touched FFr 4.4760 at one point. Conditions were dull with little to influence trading. The franc showed little change against most other currencies although sterling rose to FFr 8.4170 against FFr 8.3835 on Tuesday.

ZURICH—Trading was slack and the dollar eased in quiet trading with little interest being shown ahead of the Bonn summit. At mid-morning it had eased to SwFr 1.8134 from SwFr 1.8200 and DM 2.0538½ against DM 2.0568. There did not appear to be any Central Bank intervention in this early trading session.

AMSTERDAM—The dollar was slightly firmer at the fixing at Fl 2.2185 from Fl 2.2080 on Tuesday, and continued to improve in later trading to Fl 2.2215.

MILAN—After the official fixing of L849.45 the dollar eased slightly during the afternoon to L848.90.

TOKYO—In moderately active trading, the dollar improved to Y202.975 from Y201.473 at Tuesday's close. Most of the dollar's strength arose from a report stating that Japan's half-yearly imports to the end of June had shown an increase of 8.1 per cent over the previous year. Trading in the spot market amounted to $473m and combined forward and swap trading accounted for $617m.

THE POUND SPOT / FORWARD AGAINST £

July 12	Bank rate %	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S. $	7¼	1.8765-1.8870	1.8850-1.8860	0.57-0.47c pm	3.31	1.40-1.30c pm	2.87
Canadian $	8½	2.1065-2.1175	2.1150-2.1160	0.60-0.50c pm	3.11	1.60-1.50c pm	3.11
Guilder	4	4.16-4.19½	4.18-4.19	2¾-1¾c pm	6.01	7-6c pm	6.21
Belgian Fr.	5½	60.75-61.15	61.00-61.10	30-20c pm	4.91	85-75c pm	5.24
Danish Kr.	8	10.55-10.59½	10.58-10.59	1¼-3¾ ore dis	-2.83	8½-8¾ ore dis	-2.86
D-Mark	3	3.85½-3.89	3.87½-3.88½	3-2 pf pm	7.75	7⅞-6⅞ pf pm	7.60
Port. Esc.	18	85.50-86.46	85.95-86.55	35-135c dis	-11.85	105-405c dis	-11.85
Span. Pes.	8	145.95-146.80	146.00-146.10	10-70c dis	-2.46	Par-80c dis	-1.92
Lira	11½	1,595-1,608	1,598½-1,599½	½-2½ lire dis	-0.94	5½-6½ lire dis	-1.25
Nrwgn. Kr.	7	10.14-10.26	10.18½-10.19½	Par-20 ore dis	-1.18	1-2½ ore dis	-0.58
French Fr.	9½	8.37½-8.45½	8.41½-8.42½	1½-½c pm	1.07	3½-2½c pm	1.42
Swedish Kr.	7	8.52½-8.58	8.57½-8.58½	2-1 ore pm	1.76	3-2 ore pm	1.86
Yen	5½	378-389	382½-384½	2.85-2.60y pm	8.44	7.78-7.70y pm	8.08
Austria Sch	4½	27.85-28.00	27.90-28.00	16-6 gro pm	4.29	46-36 gro pm	5.72
Swiss Fr.	1	3.41-3.44	3.42½-3.43½	3-2c pm	8.75	8¾-7¾c pm	9.16

Belgian rate is for convertible francs. Financial franc 61.80-61.10.

Six-month forward dollar 2.70-2.60c pm. 12-month 5.10-5.00c pm.

THE DOLLAR-SPOT / FORWARD AGAINST $

July 12	Day's spread	Close	One month	% p.a.	Three months	% p.a.
Canad'n $*	89.03-89.10	89.06-89.09	0.02c pm-par	-0.13	Par-0.02c pm	0.04
Guilder	2.2155-2.2197	2.2187-2.2197	0.60-0.53c pm	3.27	1.95-1.90c pm	3.31
Belgian Fr	32.35-32.39	32.37-32.39	7-6c pm	2.18	20-19c pm	3.31
Danish Kr	5.6075-5.6145	5.6125-5.6145				
D-Mark	2.0538-2.0590	2.0570-2.0580	0.76-0.71pf pm	4.10	2.55-2.50pf pm	4.71
Port. Es	—	45.47-45.57	—		—	
Lira	848.90-850.90	848.90-849.10	2.80-3.20lire dis	-3.48	8.40-9.15lire dis	-3.81
Nrwgn. Kr	5.3970-5.4035	5.4025-5.4035				
French Fr	4.4625-4.4740	4.4710-4.4740	0.37-0.47c dis	-1.22	1.15-1.35c dis	-1.12
Swedish Kr	4.5400-4.5490	4.5470-4.5490				
Yen	203.05-203.30	203.15-203.30	0.95-0.85y pm	5.14	2.85-2.75y pm	5.28
Austria Sch	—	14.8150-14.8250				
Swiss Fr	1.8165-1.8280	1.8190-1.8200	0.96-0.92c pm	6.07	3.10-3.06c pm	6.51

* U.S. cents per Canadian $.

CURRENCY RATES

July 12	Special Drawing Rights	European Unit of Account
Sterling	0.662047	0.667852
U.S. dollar	1.24993	1.25399
Canadian dollar	1.39868	1.40829
Austrian schilling	18.4595	18.5776
Belgian franc	40.3461	40.6291
Danish krone	6.99278	7.04271
Deutsche Mark	2.56325	2.57908
Guilder	2.76410	2.78219
French franc	5.57118	5.60587
Lira	1058.42	1065.22
Yen	252.550	254.888
Norwegian krone	6.71858	6.77096
Peseta	96.6480	97.2221
Swedish krona	5.66176	5.69754
Swiss franc	2.26159	2.28151

CURRENCY MOVEMENTS

July 12	Bank of England Index	Morgan Guaranty changes %
Sterling	62.02	−41.0
U.S. dollar	86.69	− 7.7
Canadian dollar	84.83	−12.8
Austrian schilling	140.62	+18.5
Belgian franc	110.15	+11.7
Danish krone	114.29	+ 5.2
Deutsche Mark	140.78	+35.7
Swiss franc	185.67	+78.7
Guilder	119.94	+17.6
French franc	99.84	− 3.5
Lira	56.36	−46.2
Yen	145.00	+43.6

Based on trade weighted changes from Washington agreement, December, 1971 (Bank of England Index=100).

OTHER MARKETS

July 12	£	$		£ Notes Rate
Argentina Peso	1,495-1,500	793.42-795.54	Austria	27¼-28¼
Australia Dollar	1.6395-1.6455	0.8724-0.8735	Belgium	61.62½
Finland Markka	7.9250-7.9400	4.2140-4.2160	Denmark	10.45-10.60
Brazil Cruzeiro	33.36-34.36	17.69-18.22	France	8.30-8.45
Greece Drachma	68.094-69.774	36.11-37.00	Germany	3.80-3.90
Hong Kong Dollar	8.7500-8.7750	4.6540-4.6555	Italy	1570-1600
Iran Rial	130-136	68.95-72.13	Japan	380-390
Kuwait Dinar (KD)	0.511-0.521	0.2710-0.2763	Netherland	4.05-4.20
Luxembourg Franc	61.00-61.10	32.37-32.39	Norway	10.05-10.20
Malaysia Dollar	4.4440-4.4590	2.3550-2.3565	Portugal	79-93
New Zealand Dollar	1.8145-1.8205	0.9643-0.9656	Spain	1,435-1,465
Saudi Arabia Riyal	6.47-6.57	3.43-3.48	Switzerland	3.35-3.45
Singapore Dollar	4.3475-4.3625	2.3075-2.3085	United States	1.86-1.89½
South African Rand	1.6263-1.6427	0.8625-0.8715	Yugoslavia	34-36

Rate given for Argentina is free rate.

EXCHANGE CROSS-RATES

July 12	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.886	3.880	383.5	8.420	3.433	4.185	1600.	2.116	61.05
U.S. Dollar	0.530	1.	2.058	203.4	4.466	1.820	2.220	848.6	1.122	32.38
Deutsche Mark	0.258	0.486	1.	98.84	2.170	0.885	1.079	412.4	0.545	15.73
Japanese Yen 1,000	2.608	4.917	10.12	1000.	21.96	8.950	10.91	4172.	5.516	159.2
French Franc 10	1.188	2.239	4.608	455.5	10.	4.077	4.970	1900.	2.512	72.51
Swiss Franc	0.291	0.549	1.130	111.7	2.453	1.	1.219	466.1	0.616	17.79
Dutch Guilder	0.239	0.451	0.927	91.64	2.012	0.820	1.	382.3	0.505	14.59
Italian Lira 1,000	0.625	1.178	2.425	239.7	5.263	2.145	2.616	1000.	1.322	38.16
Canadian Dollar	0.473	0.891	1.834	181.3	3.980	1.623	1.978	756.3	1.	28.86
Belgian Franc 100	1.638	3.088	6.365	628.2	13.79	5.622	6.855	2621.	3.465	100.

EURO-CURRENCY INTEREST RATES*

July 12	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilder	Swiss Franc	W. German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	13-15	7¼-8¼	7¾-8	4⅛-4⅜	1¾-1⅞	3⅜-3½	8¼-8⅛	23-33	—	—
7 days' notice	11-13	7¼-8¼	7⅞-8⅛	4⅛-4⅜	1¾-1⅞	3⅜-3½	8¼-8½	10-11	7⅞-8	1⅛-1⅝
Month	10¾-11⅛	7½-7⅞	7½-7¾	4¼-4½	1½-1⅝	3½-3⅝	9⅛-9⅜	10½-11½	7[illegible]-7[illegible]	1⅛-1⅝
Three months	11⅛-11½	8-8⅜	8¼-8½	4⅝-4⅞	1⅝-1¾	3½-3⅝	9[illegible]-9[illegible]	12½-13½	8¼-8⅝	2¼-2¾
Six months	11⅞-12¼	8[illegible]-8[illegible]	8[illegible]-9[illegible]	5½-5¾	1[illegible]-2[illegible]	3¾-3⅞	10[illegible]-10[illegible]	13½-14½	8⅞-9	3½-3⅞
One year	12¼-12⅝	8[illegible]-9[illegible]	9[illegible]-9[illegible]	5¾-6	2⅛-2¼	3⅞-4	11-11⅛	14-15	9⅛-9¼	3[illegible]-4[illegible]

The following nominal rates were quoted for London dollar certificates of deposit: One month 8.00-8.10 per cent; three months 8.30-8.40 per cent; six months 8.70-8.80 per cent; one year 8.95-9.05 per cent.

Long-term Eurodollar deposits: two years 9 5/16-9 7/16 per cent; three years 9 5/16-9 7/16 per cent; four years 9½-9⅝ per cent; five years 9 9/16-9 11/16 per cent. * Rates are nominal closing rates.

Short-term rates are call for sterling, U.S. dollars and Canadian dollars: two-days' notice for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Belgium discount rate unchanged

Belgium's discount and lombard rates were unchanged at 5½ per cent following the Banque Nationale de Belgique board meeting yesterday.

A possible change in the rates had been suggested earlier this week following the move by the central bank to increase short-term Treasury certificates by ½ per cent on Monday, and a rise in the rate of four month bond-fund paper to 6¼ per cent from 6 per cent on Tuesday.

These moves were generally seen as a defence of the Belgian franc within the European currency snake, where the currency has recently been at its floor in terms of the D-mark. Pressure continued to ease a little yesterday however, with the Belgian currency quoted at BFr 15.733 per D-mark, compared with an intervention point of BFr 15.765.

Call money eased to 3 per cent from 3.75 per cent in Brussels, while deposit rates for the Belgian franc (commercial) were unchanged at 5⅝-5⅞ per cent for one-month; 6-6½ per cent for three-month; and 7¼-7½ per cent for 12-month. The six-month rate rose ⅛ per cent to 6½-6⅞ per cent.

AMSTERDAM—Call money was quoted at 4-4½ per cent, compared with 4-4½ per cent on Tuesday. One-month funds eased to 4½-4¾ per cent from 4¾-5 per cent, three-month to 4¾-5 per cent from 5-5½ per cent, and six-month to 5⅜-5⅝ per cent from 5⅝-6 per cent.

FRANKFURT—Short-term rates were steady, with call money unchanged at 3.55 per cent, and one-month unchanged at 3.65 per cent. Longer periods were slightly firmer however, with three-month at 3.75 per cent compared with 3.70 per cent previously, and six-month at 4 per cent, against 3.95 per cent.

PARIS—Day-to-day funds rose to 7½ per cent from 7⅜ per cent, but other rates were unchanged or slightly easier. One-month money was unchanged at 7⅝-7¾ per cent, while three-month fell 1/16 per cent to 7 11/16-7 13/16 per cent; and six-month eased ⅛ per cent to 8⅛-8¼ per cent. The 12-month rate was unchanged at 8⅞-9 per cent.

NEW YORK—Treasury bill rates were mixed in fairly quiet trading, with 13-week bills at 7.20 per cent, compared with 7.19 per cent on Tuesday, and 26-week bills unchanged at 7.51 per cent. One-year bills were 7.80 per cent, compared with 7.82 per cent previously. Federal funds showed little change at 7 11/16 per cent. Certificates of deposit were also unchanged, with one-month at 7.82 per cent; two-month at 8.00 per cent; and three-month at 8.14 per cent.

GOLD

Stronger tendency

Gold rose $1 an ounce in the London bullion market yesterday to close at $186¾-187. Trading was generally thin and after opening at $185¾-186¼; the metal was fixed during the morning at $185.70 and improved on a little buying interest to $186.30 at the afternoon fixing.

In Paris the 12½ kilo gold bar was fixed at FFr 26,900 per kilo ($187.11 per ounce) in the afternoon compared with FFr 26,920 ($187.36) in the morning and FFr 26,900 ($188.12) on Tuesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM12,310 per kilo ($186 per ounce) against DM 12,215 ($185.67) previously.

	July 12	July 11
Gold Bullion (a fine ounce)		
Close	$186¾-187	$185¾-186
Opening	$186¼-186½	$185-185¾
Morning fixing	$185.70 (£98.787)	$185.55 (£98.157)
Afternoon fixing	$186.30 (£98.912)	$185.50 (£98.555)
Gold Coins domestically		
Krugerrand	$192¾-194¾ (£102¼-103¼)	$190¼-192¾ (£101¼-102¼)
New Sovereigns	$56½-57½ (£29¾-30¼)	$55-57 (£29¼-30¼)
Old Sovereigns	$54½-56½ (£29-30)	$54½-56½ (£29-30)
Gold Coins internationally		
Krugerrand	$191½-193½ (£101½-102½)	$190¼-192¼ (£101¼-102¼)
New Sovereigns	$55½-56½ (£29½-29¾)	$55-57 (£29¼-30¼)
Old Sovereigns	$54½-56½ (£29-30)	$53½-55½ (£28½-29½)
$20 Eagles	$276½-279	$277-279½
$10 Eagles	$140-145	$141-146
$5 Eagles	$100-105	$100-105

UK MONEY MARKET

Exceptionally large help

Bank of England Minimum Lending Rate 10 per cent (since June 8, 1978)

Day-to-day credit remained in short supply in the London money market yesterday, although with the amount of help given, the authorities must hope to have relieved the situation at last. Shortages have been fairly acute in the early part of this week, particularly outside the discount house sector. Yesterday's help totalled exceptionally large, which was generally regarded as more than enough to take out the shortage, and banks are expected to carry forward surplus balances, for the first time this week.

Discount houses paid up to 9¾ per cent for secured call money, but after the help rates eased to 7-8½ per cent at the close. Conditions in the interbank market were similar, with rates touching 10⅝-10⅞ per cent, before easing to 7-8 per cent in the afternoon, and closing at 9-10 per cent.

The Bank of England bought a moderate amount of Treasury bills from the houses and a small number of local authority bills. Total bill purchases were large, and some of these were for resale to the market at a future date.

The authorities also lent a very large amount overnight to seven or eight houses at Minimum Lending Rate of 10 per cent, making the total amount of assistance exceptionally large.

Banks brought forward run-down balances, there was a fairly large net take-up of Treasury bills to finance, the authorities held a sizeable number of maturing local authority bills, and the market also had to repay the previous day's official advances.

On the other hand substantial Government disbursements outweighed revenue payments to the Exchequer, and the market was also helped by the official intervention in the foreign exchange market on Monday.

LONDON MONEY RATES

July 12 1978	Sterling Certificate of deposits	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills Φ	Eligible Bank Bills Φ	Fine Trade Bills Φ
Overnight	—	7-10⅞	—	—	—	10½	7-10	—	—	—
2 days notice	—	—	9⅞-10	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	10½	—	—	—	—
7 days notice	—	10⅝-10⅞	10-10⅛	—	10⅛-10¾	—	9⅝-9⅞	—	—	—
One month	10¼-10[illegible]	10⅛-10⅜	9⅞-10⅛	10¼-10	10⅛-10½	10½	9⅝	9[illegible]-9¼	9[illegible]-10[illegible]	10½
Two months	10[illegible]-10	10⅛-10¼	—	9⅝-9⅝	10⅛-10½	—	9⅛	9¼-9[illegible]	9⅞-9[illegible]	10½
Three months	10[illegible]-9[illegible]	10-10¼	9¾-9⅞	9⅝-9⅝	10½-10⅝	—	9¾-9½	9[illegible]-9⅝	9⅞	10⅝
Six months	10⅛-10	[illegible]-10⅝	10⅛-10¼	9⅝-9[illegible]	10¼-10¾	—	—	—	9⅞-10	10¾
Nine months	10¼-10[illegible]	10¼-10⅝	—	10⅛-9¾	10¾-11	—	—	—	—	—
One year	10¼-10⅛	10[illegible]-10½	10¼-10⅝	10¼-10	10¾-11	—	—	—	—	—
Two years	—	—	10⅞-11	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. Longer-term local authority mortgage rate nominally three years 11¾-11⅞ per cent; four years 12-12¼ per cent; five years 12¼-12½ per cent. Φ Bank bill rates in table are buying rate for prime paper. Buying rates for four-month bank bills 9 13/16-9 15/16 per cent; four-month trade bills 10½ per cent.

Approximate selling rates for one-month Treasury bills 9 1/16-9⅛ per cent; two-month 9⅛-9 5/32 per cent; and three-month 9 5/16-9¼ per cent. Approximate selling rate for one-month bank bills 9 13/16-9⅞ per cent; and two-month 9¾-9 13/16 per cent; and three-month 9⅞ per cent. One-month trade bills 10½ per cent; two-month 10⅛ per cent; and also three-month 10½ per cent.

Finance House Base Rates (published by the Finance Houses Association): 10 per cent from July 1, 1978. Clearing Bank Deposit Rates (for small sums at seven days' notice) 6½-7 per cent. Clearing Bank Base Rates for lending 10 per cent. Treasury Bills: Average tender rates of discount 9.2769 per cent.

MONEY RATES

NEW YORK

Prime Rate	9
Fed Funds	7.6875
Treasury Bills (13-week)	7.20
Treasury Bills (26-week)	7.51

GERMANY

Discount Rate	3
Overnight	3.55
One month	3.65
Three months	3.75
Six months	4.00

FRANCE

Discount Rate	9.5
Overnight	7.5
One month	7.4375
Three months	7.625
Six months	8.1875

JAPAN

Discount Rate	3.5
Call (Unconditional)	4.625
Bills Discount Rate	4.375

Guinness (Park Royal) chairman

Mr. S. E. Darmon, previously ce-chairman, has been ›pointed chairman of ARTHUR UINNESS SON AND CO. (PARK ›YAL) in succession to Lord ›yne, who has retired from the ›ard.

★

Mr. Stanley Thomson, finance rector of the Ford Motor Com›ny (UK) has joined the ›DUSTRIAL DEVELOPMENT ›DVISORY BOARD.

★

Mr. Jack Hubbard, managing rector of REED MEDWAY ›CKS since 1973, has been ›pointed chairman and chief ›ecutive. He succeeds Mr. C. H. ›hrens, who is chairman and ›ief executive of Field Sons and ›. (also a Reed Group company), ›o remains a director of RMS.

★

Dr. W. H. Darlington, who has ›en managing director of ›UTHERT AND PITT for 15 ›ars, will relinquish that office ›September 30, on reaching ›rmal retirement age. He will ›tire from the board at the ›nual meeting on November 27. ›r. Alan Cheetham has been ›pointed to the board from ›ptember 1 and will take up the ›ice of managing director on ›tober 1.

★

CENTRAL AND SHEERWOOD ›ROUP. Mr. Bernard Buss has ›en appointed group financial ›ntroller and a director of the ›hitefriars Press and Standard ›talogue Information Services. ›: also becomes secretary of the ›hitefriars Press and Associated ›ilding Industries. Mr. Hugh ›dkin is made sales director of ›e Whitefriars Press in succes›on of Mr. Derrick Dottridge. Mr. ›ke Gill is appointed director of ›hitefriars Press. Mr. Dottridge ›tires as director of the Standard ›talogue Company and as sales ›ector of the Whitefriars Press. ›: remains a consultative direc›- of the latter company on a ›rt-time basis. Mr. Malcolm Moss ›tires as director and secretary ›the Standard Catalogue Com›ny, and as secretary of the ›hitefriars Press and Associated ›ilding Industries. Mr. Peter ›lleywater is appointed works ›ector of the Whitefriars Press.

★

Mr. Frank Galbraith, who has ›en appointed divisional head ›marketing at the NORTHERN ›ELAND DEVELOPMENT ›ENCY, joined the Agency from ›ilever, with whom he spent 19 ›ars in senior management ›sitions with an associate com›ny in the UK, Africa and, for ›last seven years, in the Far ›st. Mr. Gordon Rebbeck has ›n appointed senior executive, ›sonnel and industrial relations. ›fore joining the Agency, he ›rked in Manchester with the Distributive Industry Training Board.

★

RALPH M. PARSONS COMPANY, London subsidiary of the Pasadena-based Ralph M. Parsons Company, has announced the appointment of Mr. Andrew V. Reznack as director of operations. His predecessor, Mr. Charles F. Bottitta, moves to Australia to become manager of the Sydney office. Mr. John M. Russell, now director of finance and administration at the London office, was previously pre-contracts director.

★

Mr. Alan L. Shearer has been appointed managing director of CHARCON PRODUCTS, the construction products subsidiary of the Charterhouse Group.

★

Mr. John Bullock has been appointed to the main board of GOWRINGS. As group director of public affairs he will be based in Reading. Mr. Bullock was formerly director of public affairs for Chrysler United Kingdom and director of public relations for Chrysler International SA.

★

BIRMID QUALCAST (FOUNDRIES) announces that Mr. J. Mannion has joined the full management board of Birmal Castings as production engineering manager. This company was previously known as the Birmingham Aluminium Casting (1903) Company.

★

Mr. Roger Woolley, managing director of DRG Flexible Packaging for three years, is giving up that post to assume wider executive responsibilities within the DICKINSON ROBINSON GROUP. He is to be replaced by Mr. David Richards, currently sales and marketing director of the company. Mr. Woolley will become responsible for DRG Flexible Packaging, DRG Packaging Bags, DRG Plastics, DRG Téchy in Belgium and the group's packaging development centre at Mangotsfield, Bristol. He is currently co-ordinating director for these companies.

★

Mr. P. D. Moore has been appointed financial director of R. P. MARTIN EXCHANGE, R. P. Martin Deposits, and R. P. Martin Sterling.

★

EDMUNDSON ELECTRICAL, part of the Charterhouse Group, has appointed Mr. John Beechey as industrial sales director. Mr. Gordon MacKenzie has been made Scottish regional director.

★

Mr. David Hunt has been appointed regional sales director, Midlands and West, of the DUNLOP TYRE DIVISION. He was previously trade sales manager for the Midlands.

UK ECONOMIC INDICATORS

›CONOMIC ACTIVITY—Indices of industrial production, manu›cturing output, engineering orders, retail sales volume (1970=›00); retail sales value (1971=100); registered unemployment ›excluding school leavers) and unfilled vacancies (000s). All ›easonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unem-ployed	Vacs.
977							
qtr.	103.2	105.2	109	103.3	216.4	1,330	na
qtr.	101.9	103.0	106	102.5	222.0	1,339	163
qtr.	102.7	103.7	106	104.3	234.2	1,418	151
qtr.	102.2	103.2	107	104.4	239.4	1,431	157
978							
qtr.	103.2	104.1	109	106.3	246.0	1,409	188
.	102.9	103.7	106	104.9	241.0	1,419	180
).	103.5	104.0	118	106.8	246.5	1,409	187
rch	103.2	104.5	103	107.0	249.8	1,400	196
il	104.8	105.5		106.7	250.3	1,387	204
y				108.4	255.2	1,366	210
ie						1,365	217

›UTPUT—By market sector: consumer goods, investment goods, ›termediate goods (materials and fuels); engineering output, ›etal manufacture, textiles, leather and clothing (1970=100); ›using starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
977							
qtr.	115.9	99.4	106.1	100.4	83.9	104.4	19.9
qtr.	113.4	97.5	105.2	98.7	80.5	100.2	25.1
qtr.	115.1	98.0	104.7	99.6	83.3	100.7	25.4
qtr.	117.0	97.5	101.9	99.1	74.8	99.7	20.7
	118.0	98.0	102.0	100.0	79.0	101.0	16.1
978							
qtr.	117.1	98.6	104.9	100.2	76.8	100.2	17.8
.	117.0	99.0	104.0	100.0	75.0	100.0	17.4
.	117.0	98.0	106.0	100.0	78.0	100.0	15.3
ch	118.0	99.0	104.0	101.0	78.0	101.0	20.6
il	119.0	99.0	108.0	100.2	81.0	102.0	25.4
							24.9

›TERNAL TRADE—Indices of export and import volume ›975=100); visible balance; current balance; oil balance; terms ›trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
977							
qtr.	115.7	109.1	−947	−493	−800	99.0	10.5
qtr.	118.0	109.8	−794	−365	−745	100.3	14.9
qtr.	124.1	106.4	+ 54	+357	−602	101.0	13.4
qtr.	117.9	102.6	+ 45	+486	−657	102.4	20.39
978							
qtr.	120.3	114.3	−574	−305	−648	105.1	20.63
	112.2	114.6	−338	−248	−236	105.5	20.87
	127.4	111.3	+ 43	+132	−202	104.8	20.7
ch	121.4	116.9	−279	−189	−208	104.8	20.32
il	126.1	103.0	+223	+343	−115	104.0	17.04
	120.1	112.5	−169	− 49	−109	105.2	16.66
							16.54

›NANCIAL—Money supply M1 and sterling M3, bank advances ›sterling to the private sector (three months' growth at annual ›e); domestic credit expansion (£m); building societies' net ›low; HP, new credit; all seasonally adjusted. Minimum ›ding rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
77							
qtr.	1.3	− 8.8	5.3	− 74	492	1,008	10½
qtr.	24.8	14.9	5.5	+769	1,290	1,047	8
qtr.	28.0	10.4	20.3	+365	1,084	1,149	7
qtr.	25.1	12.6	8.3	+698	1,565	1,189	7
78							
tr.	25.1	24.2	17.5	+1,819	1,049	1,260	6½
	23.2	17.3	13.4	258	388	429	6½
	26.8	25.5	18.0	963	353	418	6½
ch	25.1	24.2	17.5	598	308	413	6½
l	19.1	24.7	13.1	1,437	335	463	7
	13.2	15.6	18.8	1,096	212	471	9
							10

›FLATION—Indices of earnings (Jan. 1976=100), basic ›terials and fuels, wholesale prices of manufactured products ›70=100); retail prices and food prices (1974=100); FT ›mmodity index (July 1952=100); trade weighted value of ›rling (Dec. 1971=100).

	Earn-ings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
77							
tr.	112.5	341.5	248.0	174.1	184.7	276.4	61.8
qtr.	114.5	347.7	259.2	181.9	191.1	250.0	61.6
qtr.	116.1	340.5	267.7	184.7	192.1	239.9	61.8
tr.	119.9	330.6	272.1	187.4	193.3	234.20	63.3
78							
tr.	123.1	326.7	279.0	190.6	197.3	238.61	64.6
	121.5	324.9	277.1	189.5	196.1	226.41	66.0
	122.7	324.2	279.2	190.6	197.3	224.86	66.0
h	125.0	331.0	280.6	191.8	198.4	238.61	64.1
l	127.2	337.4	282.7	194.6	201.6	238.94	61.8
		341.5	284.6	195.7	203.2	250.67	61.5
		342.9	286.2			242.27	61.5

* Not seasonally adjusted.

WORLD STOCK MARKETS

Earnings news gives Wall St. mild boost

INVESTMENT DOLLAR PREMIUM

$2.60 to £1—108½% (109¾%)
Effective $1.8855—51¼% (52%)

A FIRMER dollar and some encouraging second-quarter earnings reports helped to give the Wall Street stock market a further mild boost yesterday in another active trade, although late profit-taking trimmed the gain.

The Dow Jones Industrial Average finished a net 3.64 higher at 824.93, after touching 829.18, while the NYSE All Common Index was finally 19 cents firmer at $54.09, after $54.13, and gains outscored losses by 883 to 525 at the close. Trading volume amounted to 26.64m shares, compared with Tuesday's total of 27.48m.

In Washington President Jimmy Carter told a group of foreign journalists that he does not foresee a recession occurring nor "any further deterioration in the economic summit meeting in Bonn this weekend to act to head off the possibility of a recession.

Earlier yesterday Charles Schultze, chairman of the President's Council of Economic Advisers, stated that a "significant" tax cut will be required next year in order for the economy to maintain long-term potential. He also caled inflation the nation's most serious problem, but said he sees price rises moderating in the second half of the year.

In Europe, the dollar firmed against most major currencies for the second consecutive day. Under Secretary of State Richard Cooper told a joint economic subcommittee in Washington that President Carter "will make clear our support" for a newly revised monetary system at the Bonn summit, which begins on Sunday.

Another plus for the stock market was a report by the Conference Board that consumer confidence improved in June for the first time in five months.

NCR climbed 1⅜ to $53⅞ after reporting sharply higher second-quarter earnings, while Owens-Illinois, on forecast improved second-quarter results, picked up ½ to $21½.

RCA reported higher second-quarter net profits and added ⅜ at $26⅞. Walgreen Drugs, on raising its dividend and announcing improved third-quarter earnings, advanced 2⅝ to $27⅛.

Reporting a second quarter earnings gain, Georgia-Pacific rose ½ to $26½. International Paper ⅜ to $40⅞ and Abbott Laboratories ½ to $34⅝, all three having announced second-quarter earnings improvements.

Smithline advanced 2¼ to $87¾ bu other Drug issues, which have ben strong of late, turned easier. Warner Lamber reacted ¼ to $28¼, Johnson and Johnson 1⅛ to $81½ and Squibb 1¼ to $36.

Texaco, the volume leader, added ⅛ at $25 on volume of 921,00 shares— a 382,000 share block changed hands at $24⅞. On dseTuay
Tuesday, speculation about a possible oil discovery in the aBltimore Canyon centred on Texaco.

British ePtroleum, which has declined to comment on Press reports of an oil find off the Shetland Islands, gained ⅛ more to $16⅞.

Pet rose 2¼ to $54¼—IC Industries said it will proceed with an offer to buy Pet at $55 a share after Pet and Hardee's Food System dropped their merger plan. Hardee's lost 2⅛ to $14⅛ and IC ¼ to $25⅞.

THE AMERICAN SE Market Value Index advanced 0.68 further to 148.16 on volume of 3.47m shares (3.34m).

Germany

Stock prices retreated further in nervous trading, leaving the Commerzbank index another 4.2 down at 790.2.

Brokers said that a continued weakening of prices on the domestic bond market was unsettling equities.

Siemens receded DM 2 in Electricals, while among Motors, BMW fell DM 5.50 and Daimler Benz DM 2. Deutsche Bank declined DM 2.40 after announcing a proposed capital increase.

Among isolated firm spots, Metallgesellschaft advanced DM 4.70 and VEBA put on DM 1.

Public Authority Bonds moved as much as 40 pfennigs lower owing to their current yield discount compared with Mortgage Bonds, and the Regulating Authorities made purchases of stock totalling a net DM 62.6m compared with DM 38.8m the previous day. Mark Foreign Loans were also weaker.

Paris

The recent uptrend persisted, with unit trusts prominent buyers in the market.

Brokers were unable to give any specific reason for the investor confidence, especially as the franc had weakened in relation to the dollar during the morning.

Oils and Steels tended lower, while Rubbers and Publishing issues were irregular, but gains predominated in all other sectors.

Sille, BCT, Peugeot-Citroen, Paribas, Michelin, Pechiney, Perrier, CFOA, Leroy-Somer, CM Industries, Generale des Eaux, Pernod-Ricard and PUK were among stocks to make good progress, but Cie du Nord, Viniprix, Kleber, Arjomari, Usinor, BP, Carrefour and Moulinex lost ground.

Tokyo

Market was again quite active, although shares failed to establish a clear trend. Volume reached 330m shares (320m), while the Nikkei-Dow Jones Average slipped 1.06 more to 5,627.26 but the Tokyo SE index hardened 0.20 to 424.33.

Stocks related to Government spending on public works, Shippings, Petroleums and Foods were bought selectively, but Pharmaceuticals and some Electricals declined.

Nippon Yusen Kaisha rose Y6 to Y241, as did Toa Nenryo to Y656, while Toyo Electric advanced Y18 to Y240, Chinon Y26 to Y435 and Honda Motor Y5 to Y579.

In contrast, Green Cross, Y1,990, and Sony, Y1,670, retreated Y20 apiece, while Matsushita Electric lost Y9 to Y740 and Toyota Motor Y8 to Y902.

Canada

Nearly all sectors made further headway yesterday in heavy trading, the Toronto Composite Index rising 5.7 more to 1,141.6. Oils and Gas advanced 10.2 to 1,484.4, Metals and Minerals 5.5 to 926.1, Golds 4.5 to 1,455.0, Banks 0.76 to 273.63 and Utlities 0.78 to 174.43.

Noranda "A" rose C$1 to C$27 on higher second-quarter earnings and Canadian Cablesystems "A" added ¼ a t C$16⅞ on improved nine-months net profits.

Rembrandt Jewelry gained C$1.35 to C$5⅛ the company plans to buy its shares at C$5.75 each.

Australia

Markets were predominantly firmer in active trading.

BHP rose 6 cents more to a fresh 1978 high of A$7.60, making a three-day advance of 34 cents, on continuing speculation over its Bass Strait exploration.

Western Mining advanced 7 cents to A$1.62 following its preliminary statement on the Yeelirrie uranium operation.

Uraniums generally strengthened, Pancontinental adding 30 cents to A$14.30, Peko-Wallsend 8 cents to A$5.62, EZ Industries 5 cents to A$2.55 and Kathleen Investments 9 cents to A$2.25.

Renison moved ahead 40 cents to A$9.90 in response to the higher Straits tin price.

Elsewhere in Minings, Mount Isa climbed 10 cents to A$2.20, while similar gains occurred in MIM, A$2.20, and Utah A$4.10. Hamersley were 8 cents higher at A$2.30 and Bougainville Copper 6 cents up at A$1.34.

Among Banks, BNS Wales gained 8 cents more to A$6.22 and National Bank hardened 2 cents to A$2.45, but ANZ eased 3 cents to A$3.02.

Among Industrials, Container put on 5 cents to A$2.25, while Costain Australia moved ahead 10 cents to A$1.60.

Hong Kong

Local and Overseas profit-taking brought share prices back yesterday in reduced activity. The Hang Seng index reacted 5.85 to 574.77, while turnover on the four stock exchanges came to HK$130.85m (HK$140.32m).

Jardine Matheson lost 30 cents to HK$16 and Swire Pacific 25 cents to HK$9.10, while Hong Kong Bank and Hong Kong Land shed 20 cents apiece to HK$19.30 and HK$10.40 respectively. Hutchison Whampoa declined 15 cents to HK$6.50 and Wheelock 7.5 cents to HK$3.375.

Outside the leaders, Hong Kong Telephone receded 25 cents to HK$34.75, Hong Kong Wharf 20 cents to HK$24.10, Cheong Kong 15 cents to HK$9.40 and New World 5 cents to HK$2.30, but China Light put on 10 cents to HK$26.80.

Johannesburg

Gold shares improved in a moderate business, benefiting from higher Bullion prices and favourable gold quarterlies.

Mining Financials were firmer in line with producers. Elsewhere, De Beers advanced 15 cents to R6.85. Platinum issues were a few cents harder, while Coppers scored gains ranging between 5 and 20 cents, but Asbestos stocks were unchanged to a fraction lower.

Brussels

Bourse prices were firmer-inclined in lively trading.

News that the Belgian Central Bank has decided against raising its key lending rates, discount and Lombard, may have helped the market higher, brokers commented.

In Non-ferrous Metals, Hoboken added 30 at BFr 2,480, while Oils had Petrofina up 40 at BFr 3,780 and Canpetrofina 52 higher at BFr 600. Steels were mixed, Arbed rising 20 to BFr 2,375, but Cockerill losing 4 to BFr 467.

Amsterdam

Irregular movements occurred in slack trading conditions.

Dutch Internationals were mainly a shade easier, Unilever losing Fl 0.50.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM50 denom. unless otherwise stated, yields based on net dividends plus tax. ♥ Ptas.500 denom. unless otherwise stated. ♣ Kr 100 denom. unless otherwise stated. ♦ Frs 500 denom. and Bearer shares unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. $ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

NEW YORK

Stock	July 12	July 11
Abbott Labs	34⅝	34⅛
AM International	21¾	21½
Aetna Life & Cas	39⅝	39⅝
Air Products	27⅝	27½
Alcan Aluminium	27	27
Alcoa	41¼	40⅞
Alleg. Ludlum	17	17¼
Allegheny Power	18⅛	18¼
Corning Glass	55⅛	55
CPC Int'n'tional	48⅝	48⅜
Crane	27⅞	27½
Crocker Nat	25⅞	25⅜
Crown Zellerbach	31½	31⅝
Cummins Engine	37⅜	37
Curtiss Wright	16⅝	16⅜
Dana	27⅞	27⅞
Dart Industries	45¼	44½
Johns Manville	29½	30⅛
Johnson Johnson	81½	82⅝
Johnson Control	27	27¼
Joy Manufactur'g	33	33
K. Mart Corp	24⅝	24⅝
Kaiser Aluminium	31¾	31
Kaiser Industries	2	2
Kaiser Steel	25¾	25⅞
Kay	12¾	12¾
Kennecott	21⅝	21¼
Kerr McGee	45½	42⅞
Revlon	48½	48⅛
Reynolds Metals	28⅝	28½
Reynolds R. J.	55⅞	55½
Rich'son Merrell	24½	24⅞
Rockwell Inter	32⅝	32⅞
Rohm & Haas	33¾	33¼
Royal Dutch	59⅞	60¼
RTE	15	14¾
Russ Togs	12	11⅞
Ryder System	22½	22
Tektronix	42¼	42
Teledyne	98⅝	98¾
Telex	5½	5¼
Tenneco	31⅛	31⅛
Tesoro Petroleum	10⅞	10⅛
Texaco	25	24⅞
Texasgulf	19¾	18⅝
Texas Eastern	40¼	39⅞
Texas Inst'm	80¼	80¼
Texas Oil & Gas	29	28⅝
Texas Utilities	20¾	20⅝
Times Inc	41⅞	40¾
Times Mirror	29¼	28¼
Timken	47¼	47½
Trane	34¼	34⅝
Transamerica	15⅝	15¼
Tranaco	19¾	20⅛
Trans Union	36¾	35¼
Tranway Intr'n	26	25¾
Trans World Air	20¼	20¼
Travelers	35⅛	34¾
Tri Continental	19	19¼
T.R.W.	37	36⅞
20th Century Fox	37	37¼
U.A.L.	31⅜	31¼
UARCO	24	24⅛
UGI	19⅜	19½
Unilever	40½	39¼
Unilever NV	55¾	55¼
Union Bancorp	24¾	24⅝
Union Carbide	37¾	37
Union Commerce	7⅜	7⅜
Union Oil Calif.	48⅛	48
Union Pacific	46	46⅛
Uniroyal	7⅝	7½
United Brands	8¾	8⅜
US Bancorp	29⅛	28⅞
US Gypsum	25⅛	25¾
US Shoe	23¼	23⅝
US Steel	26⅝	26¼
US Technologies	43	43
UV Industries	19⅜	19½
Virginia Elect	14⅝	14⅝
Walgreen	27⅛	24½
Warner-Commun	44	44
Warner-Lambert	28¼	28½
Waste Man'ment	23⅞	23¾
Wells-Fargo	26⅞	26⅞
Western Bancorp	36⅝	36¾
Western N. Amer	28⅝	27⅛
Western Union	17½	16⅝
Westinghse Elec	22⅛	22¼
Weyco	26⅞	26½
Weyerhaeuser	25½	25¼
Whirlpool	22⅛	22⅝
White Con. Ind.	21⅞	22
William Co	18⅝	17⅞
Wisconsin Elect	28⅝	28⅝
Woolworth	18⅞	18⅝
Wyly	4	3⅞
Xerox	53½	54
Zapata	16⅛	16¼
Zenith Radio	14⅝	14¾
U.S. Treas 4% 1980	†94¼	†94¼
US Treas 4¼% 75/85	†79⅞	†79⅞
U.S. 90 day bills	7.18%	7.17%

CANADA

Stock	July 12	July 11
Home Oil 'A'	41⅞	41¾
Hudson Bay Mng	17¾	17⅝
Hudson Bay	22½	22
Hudson Oil & Gas	45¾	45½
I.A.C.	19⅜	19⅜
Imasco	33¼	33⅜
Imperial Oil	18¾	18⅞
Inco	17¼	17½
Indal	13⅜	13
Inland Nat. Gas	11	10⅞
Int'pv Pipe Line	15¼	15⅛
Kaiser Resources	14¾	14¾
Laurt Fin. Corp	8⅝	8⅞
Loblaw Com. 'B'	4.20	4.10
Mcmill'n Bloedl	18⅝	18⅞
Massey Ferguson	12½	11⅞
McIntyre	24	23⅞
Moore Corpn	37⅝	37¾
Mountain State R	3.65	3.50
Noranda Mines	27	26
Norcen Energy	16⅛	16⅛
Nthn. Telecom	32½	32
Numac Oil & Gas	36⅝	37
Oakwood Petr'm	4.40	4.40
Pacific Copper M	2.05	1.95
Pacific Petroleum	38⅞	38½
Pan. Can. Pet'm	33¼	33¼
Patino	†15¾	†15¾
Peoples Dept S	4.75	4.85
Place Can. & Oil	0.97	0.95
Placer Developmt	22⅝	22¼
Power Corporat'n	16	16⅛
Price	14	13⅞
Quebec Sturgeon	1.35	1.40
Ranger Oil	33⅛	31⅞
Reed Shaw	10¼	10⅝
Rio Algom	32½	32¾
Royal Bk. of Can.	32⅛	32⅝
Royal Trust	17¾	17¾
Sceptre R'sources	8½	8½
Seagrams	25⅝	25⅜
Shell Canada	13¾	13⅞
Sherritt G. Mines	5.75	5.62
Siebens O. G.	30¾	29⅝
Simpson	5½	5⅜
Steel of Canada	25½	25
Steep Rock Iron	2.75	†2.70
Teck Canada	41	41¼
Toronto Dom. Bk.	19¾	19⅞
Trans Can Pipe Ln	15½	15⅝
Trans Mount Ope	8⅞	9
Trizec	†15	†14
Union Gas	11	11
Utd. Siscoe Mines	7⅜	7⅜
Walker Hiram	33	33⅛
West Coast Trans	11¼	11¼
Weston Geo	17¾	17¾

† Bid. ‡ Asked. § Traded. ¶ New stock

EUROPEAN OPTIONS EXCHANGE

BASE LENDING RATES

A.B.N. Bank	10 %	■ Hill Samuel	§10 %
Allied Irish Banks Ltd.	10 %	C. Hoare & Co.	†10 %
American Express Bk.	10 %	Julian S. Hodge	11 %
Amro Bank	10 %	Hongkong & Shanghai	10 %
A P Bank Ltd.	10 %	Industrial Bk. of Scot.	10 %
Henry Ansbacher	10 %	Keyser Ullmann	10 %
Banco de Bilbao	10 %	Knowsley & Co. Ltd.	12 %
Bank of Credit & Cmce.	10 %	Lloyds Bank	10 %
Bank of Cyprus	10 %	London Mercantile	10 %
Bank of N.S.W.	10 %	Edward Manson & Co.	11½ %
Banque Belge Ltd.	10 %	Midland Bank	10 %
Banque du Rhone	10½ %	■ Samuel Montagu	10 %
Barclays Bank	10 %	■ Morgan Grenfell	10 %
Barnett Christie Ltd.	11 %	National Westminster	10 %
Bremar Holdings Ltd.	11 %	Norwich General Trust	10 %
Brit. Bank of Mid. East	10 %	P. S. Refson & Co.	10 %
■ Brown Shipley	10 %	Rossminster Ltd.	10 %
Canada Perm't. Trust	10 %	Royal Bk. Canada Trust	10 %
Capital C & C Fin. Ltd.	10 %	Schlesinger Limited	10 %
Cayzer Ltd.	10 %	E. S. Schwab	11½ %
Cedar Holdings	10½ %	Security Trust Co. Ltd.	11 %
■ Charterhouse Japhet	10 %	Shenley Trust	11 %
Choulartons	10 %	Standard Chartered	10 %
C. E. Coates	11 %	Trade Dev. Bank	10 %
Consolidated Credits	10 %	Trustee Savings Bank	10 %
Co-operative Bank	*10 %	Twentieth Century Bk.	11 %
Corinthian Securities	10 %	United Bank of Kuwait	10 %
Credit Lyonnais	10 %	Whiteaway Laidlaw	10½ %
The Cyprus Popular Bk.	10 %	Williams & Glyn's	10 %
Duncan Lawrie	10 %	Yorkshire Bank	10 %
Eagil Trust	10 %		
English Transcont.	11 %		
First Nat. Fin. Corpn.	12 %		
First Nat. Secs. Ltd.	12 %		
■ Antony Gibbs	10 %		
Greyhound Guaranty	10 %		
Grindlays Bank	‡10 %		
■ Guinness Mahon	10 %		
■ Hambros Bank	10 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 7%, 1-month deposits 7¼%.
† 7-day deposits on sums of £10,000 and under 6¾%, up to £25,000 7¼% and over £25,000 7½%.
‡ Call deposits over £1,000 7%.
§ Demand deposits 7¼%.

Indices

NEW YORK—DOW JONES

	July 12	July 11	July 10	July 7	July 6	July 5	1978 High	1978 Low	Since compilat'n High	Since compilat'n Low
Industrial	824.93	821.29	816.78	812.46	807.17	805.78	866.61 (6/6)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	87.05	86.75	88.91	87.19	87.20	87.30	90.86 (4/1)	88.75 (11.7)	—	—
Transport	223.56	222.54	220.66	218.25	216.60	216.50	231.35 (6/6)	199.31 (9/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	105.72	105.24	106.01	106.35	105.07	105.26	110.98 (3/1)	102.84 (22/2)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's†	26,646	27,480	22,470	25,480	24,970	23,730	—	—	—	—

* Basis of Index changed from August 24

	July 7	June 30	June 23	(Year ago approx.)
Ind. div. yield %	5.76	5.71	5.68	4.85

STANDARD AND POORS

	July 12	July 11	July 10	July 7	July 6	July 5	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
‡Industrials	106.30	105.96	105.25	104.76	104.06	104.02	110.99 (6/6)	95.52 (6/3)	134.64 (11/1/73)	3.52 (30/6/32)
§Composite	96.24	95.95	95.27	94.89	94.52	94.22	100.32 (6/6)	86.90 (6/3)	125.85 (11/1/65)	4.40 (1/6/32)

	July 5	June 28	June 21	Year ago (approx.)
Ind. div. yield %	5.18	5.11	5.07	4.42
Ind. P/E Ratio	8.93	9.04	9.11	10.14
Long Gov. Bond yield	8.62	8.57	8.52	7.60

N.Y.S.E. ALL COMMON

July 12	July 11	July 10	July 7	1978 High	1978 Low
54.09	53.90	53.55	53.34	56.20 (8/6)	48.37 (6/3)

Rises and Falls

	July 12	July 11	July 10
Issues traded	1,873	1,880	1,893
Rises	883	941	778
Falls	525	526	666
Unchanged	465	413	449
New Highs	39	37	22
New Lows	10	20	26

MONTREAL		July 12	July 11	July 10	July 7	1978 High	1978 Low
	Industrial	183.12	182.90	181.67	180.96	185.08 (16/6)	162.90 (16/2)
	Combined	192.10	191.08	190.51	188.78	194.00 (6/6)	170.62 (30/1)
TORONTO	Composite	1141.6	1135.9	1130.4	1126.6	1148.0 (15/6)	998.2 (30/1)
JOHANNESBURG	Gold	228.7	227.8	227.2	224.0	228.7 (12/7)	183.0 (20/4)
	Industrial	248.5	246.8	245.5	243.5	246.8 (11/7)	194.9 (15/3)

	July 12	Pre-vious	1978 High	1978 Low
Australia(¶)	501.18	497.26	501.34 (15/6)	441.19 (1/3)
Belgium (‖)	95.84	95.61	101.16 (6/5)	90.43 (23/5)
Denmark(**)	95.52	95.47	96.15 (3/1)	94.00 (6/2)
France (††)	70.8	70.4	71.2 (30/6)	47.6 (3/3)
Germany(‡‡)	790.2	794.4	812.7 (10/2)	759.4 (17/3)
Holland (§§)	83.0	83.2	87.0 (9/6)	76.0 (4/4)
Hong Kong (¶¶)	574.77	580.42	582.67 (6/7)	383.44 (13/1)
Italy (‖‖)	62.00	62.09	64.24 (22/6)	55.45 (10/1)
Japan (a)	424.33	424.13	425.71 (10/7)	364.04 (4/10)
Singapore (b)	352.07	354.84	356.31 (10/7)	282.0 (1/6)
Spain (d)	102.82	105.50	110.78 (9/5)	81.38 (17/3)
Sweden (e)	381.77	378.64	397.95 (15/6)	325.74 (5/1)
Switzerl'd (f)	292.6	291.7	336.39 (28/6)	279.0 (25/4)

Indices and base dates (all base values 100 except NYSE All Common—50, Standards and Poors—10 and Toronto 300-1,000, the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Inds., 40 Utilities, 40 Finance and 20 Transport. (¶) Sydney All Ord.

(‖) Belgian SE 31/12/63. (**) Copenhagen SE 1/1/73. (††) Paris Bourse 1961. (‡‡) Commerzbank Dec., 1953. (§§) Amsterdam, Industrial 1970. (¶¶) Hang Seng Bank 31/7/64. (‖‖) Milan 2/1/73. (a) Tokyo New SE 4/1/68. (b) Straits Times 1966. (c) Closed. (d) Madrid SE 30/12/77.

WEDNESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Texaco	921,000	25	—
Scott Paper	315,000	13⅞	−⅛
Exxon	297,100	45	−⅛
Pet	254,000	54¼	+2¼
Ramada Inn	264,100	7⅞	−⅛
Amerada Hess	255,600	28⅞	+1
Sears Roebuck	238,500	22⅞	+⅛
British Petroleum	215,000	16⅞	+⅛
UAL	187,800	31⅜	+⅛

GERMANY ◆

TOKYO ¶

AUSTRALIA

OSLO

BRAZIL

JOHANNESBURG

AMSTERDAM

BRUSSELS/LUXEMBOURG

PARIS

SWITZERLAND ●

COPENHAGEN ♣

STOCKHOLM

MILAN

VIENNA

SPAIN ▼

FARMING AND RAW MATERIALS

Mackerel replacing herring

BRITONS ARE eating more mackerel and Scottish herring catches are dwindling to an all-time low, the Department of Agricultural Fisheries for Scotland disclosed yesterday.

Last year 54,000 tons of mackerel were landed at Scottish ports—nearly double the 1976 figure. Of this total, 28,000 tonnes went for human consumption, compared with just 12,000 tonnes in 1976.

The figures were revealed in the annual fisheries report of the Scottish agriculture department published yesterday.

The value of the total mackerel catch was £4.3m, compared with £1.7m in 1976.

The report attributed the rise to the contraction of other fishing opportunities—particularly herring—for Scottish fishermen.

Last year's herring catch, at 38,000 tonnes, was the lowest recorded this century. The decline was caused by the closure in February 1977 of all North Sea herring fisheries and restrictions on herring fishing in the Irish Sea west coast grounds.

Despite the decline in the volume of the herring catch, its value went up by nearly £2m to more than £11m, reflecting the high prices now being fetched.

Last week it was announced that all herring fishing off Scotland's west coast is to be banned, except for the Clyde.

The report said the year was "in many ways a very difficult and frustrating one" for the industry. But the white fish sector had a "relatively prosperous" season with the value of its catch increasing by nearly 40 per cent to a record £85m.

Nearly all the boats in the herring fleet were capable of switching to other fish. "This flexibility helps to offset the problems created by the reduction of herring fishing opportunities," said the report.

MORE THAILAND RICE FOR EXPORT

THE THAI Commerce Ministry has released more rice for export to help farmers get higher prices for their paddy, Nam Poonvathu, commerce minister, said.

He said 40,000 tonnes of high grade rice had been approved for export on a commercial basis before end-August, and broken grades totalling 50,000 tonnes would be allocated for export on a private basis by end-October.

Meanwhile, the Agriculture Ministry said this year's second crop yielded a bumper harvest of 1.5m tonnes.

The bumper crop was attributed to a new strain of rice called "kor khor" which requires less water for its growth.

Coffee market tumbles as Colombia lowers prices

BY JOHN EDWARDS, COMMODITIES EDITOR

COFFEE VALUES tumbled on the London and New York terminal markets yesterday after Colombia announced that it had lowered the amount that private exporters have to deposit with the Central Bank, thus enabling them to cut their asking prices.

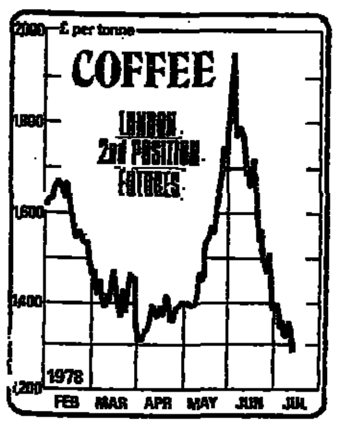
Later on, after the London market closed, it was learnt that Colombia was also cutting its minimum export prices to try to revive sales of its heavy surplus stocks.

On the London futures market the September position lost £49.5 to £1,283.5 a tonne—back to the lows reached at the end of March before the market was boosted by Brazilian frost fears.

This means that the market has already written off the possibility of a frost hitting the vital Brazilian crop, despite the fact that it is still the prime risk period.

In 1975 the frost struck during the third week of July, and some weather experts are said to be claiming that the meteorological pattern this year is not dissimilar to an early cold spell followed by warmer weather prior to the frost.

Traders are not predicting that there will be a frost. However, they are pointing out that the danger has not by any means passed, with next week a crucial time. Although this year's Brazilian coffee crop is safely harvested, the market would be very vulnerable since consumers have been holding off buying, waiting to see what will happen and are reported to be holding only light stocks.



As a result South American producers have been engaged in a competitive battle to try to obtain any business going. Colombia, as the world's second biggest producer, has been hard hit by a build-up of surplus stocks.

It is almost impossible to tell exactly what prices are being charged in view of the plethora of "special deals" offering varying discounts on the officially quoted prices offered to consumers.

But many traders consider that coffee is now cheap, especially in the distant months at around £1,000 a tonne. This has encouraged some trade buying at the lower levels by merchants who have not forgotten the frost entirely, like the speculators.

However the market was sceptical of a hint by Camillo Calazans, president of the Brazilian Coffee Institute, that Brazil might consider importing coffee again for the domestic processing industry.

Sr. Calazans claimed that imports from Madagascar and El Salvador in 1976 had proved a profitable operation, but no mention was made of purchases made at very high prices last year.

Of more interest was the news from Londrina that weather in the coffee growing areas remains fine with minimum temperatures about 12 deg. C. Unsettled conditions were forecast, but the cold front moving up the south appears to be confined to the coastal area so far.

Stockpile tin Bill delayed

By Our Commodities Staff

CONGRESSIONAL clearance of the U.S. contribution of 5,000 tons of tin to the International Tin Council's buffer stock was further delayed yesterday. A committee scheduled to prepare the move for approval by Congress cancelled its meeting planned for today.

The hold-up helped slow the early decline in tin prices on the London Metal Exchange which was sparked off by a SM25 a picul cut in the Penang price overnight.

However, the slide resumed in the afternoon when U.S. traders showed little interest in tin. Three months standard tin closed £8.50 lower at £6,546.50 a tonne. Cash metal fell £10 to £6,615 a tonne.

The cash lead price rose £4.50 a tonne yesterday to £315.75 and three months lead advanced £4 to £323.75 mainly under the influence of consumer demand and reports of covering by some producers buying nearby metal.

● In New York National Zinc Co. said it was to raise its prime western zinc price by 1.5 cents a pound to 30.50 cents, starting next month. This follows a similar move by Asarco earlier this month to restore the price increase rescinded previously.

U.S. commodity market review planned

WASHINGTON, July 12.

THE COMMODITY Futures Trading Commission is to prepare procedural reviews of the terms of four commodity futures contracts over the next nine months, it was announced here.

Commissioners at the weekly CFTC meeting approved a full economic review of the New York Coffee and Sugar Exchange's coffee "C" contract, and partial reviews of the New York Mercantile Exchanges round white potatoes contract, the frozen pork bellies contract of the Chicago Mercantile Exchange, and the cocoa contract on the New York Cocoa Exchange.

The Commission noted it does not imply these contracts are unsound but that periodic reviews of contract terms will be conducted to ensure that they continue to be economically useful.

Several commissioners expressed concern that U.S. markets were not remaining competitive with their foreign counterparts. The Commission will study whether U.S. regulations are augmenting this shift to foreign exchanges or if market factors are responsible.

Reuter

EEC clears last of excess sugar

BY CHRISTOPHER PARKES

THE COMMON MARKET Commission yesterday cleared the remnants of its sugar surplus from the 1977 beet crop. The market management committee in Brussels approved the export of 25,000 tonnes of whites and fixed the maximum export subsidy at 26.463 units of account per 100 kilos.

About 3m tonnes of sugar have now been disposed of at these weekly tenders over the past 12 months, a spokesman said. At the first tender of the campaign last August export licences were issued for almost 55,000 tonnes of whites and the highest subsidy approved by the committee was 23.8 ua per 100 kilos.

There will be no tender next week and the new campaign's first tender begins on July 26. While licences will be issued and subsidies agreed, no exports of new season sugar will be allowed to leave the EEC until mid-September.

The committee also announced yesterday that the weekly tenders for the export of raw sugar were to be suspended. The amounts available for export were not big enough, officials explained.

At yesterday's raws tender the export subsidies requested by traders were too high, the Commission said. The raws market would be re-examined in September and if there were enough available for export, the tenders might be restarted.

F. O. Licht, the independent sugar market observer, has reduced his estimate of world final sugar stocks at the end of the current season.

He said yesterday that stocks would be 30.98m tonnes compared with his February forecast—the first—of 31.308m tonnes.

He has raised his estimate of world consumption by almost 1m tonnes to 86.65m tonnes, and increased his production forecast from 91.29m tonnes to 92.62m.

On the London terminal market yesterday the daily price for raws was hoisted up £2 a tonne to £89. The whites price, however, was cut £2 a tonne to £95 following the sale by a Belgian company of a cargo of whites to Syria at the disappointing price of $202.75 a tonne c and f.

● This year's Barbados sugar crop, originally forecast to be the biggest for the past six years, has turned out to be one of the worst, Reuter reports from Bridgetown.

Output was less than 100,000 tonnes. The local sugar producers' association blamed the lack of rain, cane fires and harvest hold-ups caused by wage negotiations.

Sea water for crops

ALMONDS, figs and grapes cannot tolerate irrigation by sea water. Eldar pine, pomegranate and tamarisk thrive and improve on it.

These are the findings reported by Soviet scientists who are trying to find out whether salt water from the Caspian Sea could be used for wide-scale irrigation.

The experiment has been running for a year. Various crops have been irrigated with ordinary sea water, with fresh water or with various dilutions of sea diluted sea water.

GRAIN MARKETS

Hold-ups hit wheat talks

GENEVA, July 12.

A NEGOTIATING conference on a new international wheat agreement is not likely to be held until late this year at the earliest, Australian Deputy Prime Minister Douglas Anthony said here.

He said an EEC demand for an agreement on coarse grains to run parallel to a pact on wheat was unlikely to be accepted.

A proposed negotiating conference scheduled for September is likely to be replaced by further meetings of the interim committee of the UN conference for an arrangement to replace the 1971 International Wheat Agreement, Mr. Anthony added.

There is an inevitable link between multilateral trade talks being conducted by the GATT and the grain negotiations, he pointed out.

● An official announcement on the future course of the wheat pact talks was unexpectedly held up last night when a planned Press conference was postponed.

It has been expected that it would formally be announced that the negotiating conference would be delayed until later in the year, and the September date used for further interim discussions.

It is understood that although some points have been cleared up, little progress has been made on the main issues for discussion—the price levels and the size and financing arrangements for the proposed reserve stocks.

Exports 'averted barley slump'

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE HEAVY barley harvest of 1977 could have caused a slump in prices, but this was averted by exports of more than 2m tonnes, which earned the UK about £125m, Mr. Edward Bishop, Secretary of State at the Ministry of Agriculture, said at the annual lunch of the Home-Grown Cereals Authority yesterday.

Market prospects for this year, he continued, looked fairly favourable. World market prices were higher mainly because of the actions of the U.S. Government in maintaining cereal prices.

He emphasised the benefits of stable world prices and he hoped that the current talks at the International Wheat Council and other bodies would lead to real stability.

Earlier, Sir George Huckle, chairman of the authority, said he hoped that the levy on sales to farmers, which financed the authority could be raised for the year 1979-80 to about 3p a tonne, a rise of 50 per cent.

He also claimed that the new description of feed wheat, now "SFW," should replace the "denaturable quality" description in the future, as the new standard had the agreement of all sides in the industry.

M. Pierre Mehaignerie, French Agriculture Minister, said cereal production in France this year should rise 10 per cent, Reuter reports.

Overall French farm production should grow 3 per cent the Minister said.

"The prospects for the 1978 United Kingdom harvest look good," Mr. Bishop said. "Experience has taught us the risks involved in making crop forecasts before the harvest is in, but I know that our technical advisers are expecting another excellent harvest provided the weather is favourable from now on."

Winter planting went well, and the winter corn crops were looking healthy, he added. But the severe weather in many parts of the country delayed plantings of spring cereals. Grass and fodder crops were also late, but first cuts of silage had been completed and although yields were below average, quality was satisfactory.

● The HGCA reported in its weekly survey that provided the weather held out West Germany might expect a record crop of grain this year. Output is forecast to exceed last year's 21.6m tonnes and may be even higher than the record 22.65m tonnes harvested in 1974.

The area down to cereals this season rose to 5.35m hectares from 5.34m last year. "Yield prospects have been improved this year due to the fairly cool weather during the past few months," the authority said.

Doubts over U.S. maize crop

BY OUR COMMODITIES EDITOR

THE FORECAST of a 4 per cent cut in the US maize (corn) crop this year to 6.15bn bushels was viewed as slightly bearish by London grain traders yesterday.

But dealers pointed out that the forecast was based on the acreage plantings estimate issued last week, which many traders considered over-optimistic.

At the same time it was noted that although the crop is generally looking good at present, there was still a long time to go, including the crucial "tasselling time," and the dangers of frost damage were greater because of the late plantings.

The difference could be crucial to market sentiment. The US Department of Agriculture based its crop forecast on an average yield of 90.1 bushels to the acre, compared with 91 bushels in last year's record crop.

But if this yield is not obtained, and the acreage planted is lower than initially forecast, the total crop could fall below the psychologically important figure of 6bn bushels.

Below that level it is thought doubts might well creep in about the adequacy of supplies, especially if reports of China and the Soviet Union stepping up their imports prove to be true.

Above 6bn bushels these doubts tend to be forgotten, although there is general optimism that rising livestock numbers will boost US domestic consumption this year.

There are fewer doubts about the wheat crop forecast by the USDA predicting that total wheat production will fall by 11 per cent to 1.80bn bushels following a decline in the acreage planted and harvested. Of this winter wheat accounted for 1.28bn bushels, spring wheat 405.5m and durum wheat is sharply higher at 119.4m bushels.

Other crop forecasts are barley 410.4m bushels; oats 635.5m, and rye 28.5m bushels.

Meanwhile the U.S. Agriculture Department said there were 542.02m bushels of feed grain

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Higher on balance on the London Metal Exchange although the best levels were not maintained. Forward metal started at £725 and advanced to £731.5 on fresh buying, helped at the start by the lower pound. In the afternoon Comex was little changed but the pound strengthened and some profit-taking took the price down to £727 before a close on the Kerb of £729. Turnover, 16,360 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	710-.5	+8.5	707.5-8.5	+3.2
3 months	730-.5	+8.5	728-.5	+3
Settl'm'nt	710.5	+8.5	—	......
Cathodes				
Cash	705.5-6	+7	703-4	+2
3 months	726-.5	+6	723.5-4	+1.75
Settl'm'nt	706	+7	—	......
U.S. Smt.	—	......	*66.5-68	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £708, 7.5, 11, three months £728, 27.5, 29, 30, 31, 30, 30.5, 31, 30.5, 30. Cathodes, cash £705.5, 6, three months £726.5, 26, 26.5. Kerb: Wirebars, three months £730, 29.5, 30. Afternoon: Wirebars, three months £729, 29.5, 30, 29.5, 29, 28, 27.5, 28. Kerb: Wirebars, three months £727.5, 27, 27.5, 28, 28.5, 29.

TIN—Little changed. Forward metal started at £6,550 after a fall in the East overnight and rose to £6,580 on buying in a thin market, influenced by reports of a delay in GSA sales. But lack of U.S. interest coupled with nervous and merchant selling depressed the price to a close on the Kerb of £6,545. Turnover, 1,030 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6640-50	-67.5	6610-20	-10
3 months	6585-95	-10	6550-60	-12.5
Settlem't	6650	-35	—	......
Standard				
Cash	6635-45	-35	6610-20	-10
3 months	6575-80	-10	6545-48	-8.5
Settlem't	6645	-35	—	......
Straits E.	$1716	-25	—	......
New York	—	......	—	......

Morning: Standard, cash £6,640, 35, three months £6,570, 75. Kerb: Standard, three months £6,575, 78, 76. Afternoon: Standard, three months £6,560, 50, 60, 50, 55, 50. Kerb: Standard, three months £6,545, 40, 50, 55, 50.

LEAD—Steady on fresh buying and some consumer demand, helped by the unwinding of straddles which resulted in the selling of zinc and the buying of lead. A technical shortage of nearby metal narrowed the contango and there was some covering thought to be on behalf of producer interests. Forward metal rose from £320 to £325.5 before profit-taking and the influence of the copper market caused a reaction to £321 and a close on the Kerb of £322.5. Turnover, 5,850 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	317.5-8	+7.25	315.5-6	+4.5
3 months	325-.5	+6.12	323.5-4	+4
Sett'm'nt	318	+7	—	......
U.S. Spot	—	......	31-33	......

Morning: Cash, £317, 18, 18.5, three months £324, 23.5, 24.5, 25, 25.5. Kerb: Three months £324.5. Afternoon: Three months £322, 23.5, 24, 25, 24. Kerb: Three months £322, 21.5, 21, 21.5, 22, 22.5.

ZINC—Lost ground after forward metal had held in the range of £324 and £325.5. There was some support from chartist buying but later the unwinding of straddles and profit-taking pushed the price to £321.5 and a close on the Kerb of £322.5. Turnover, 4,725 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£		£	
Cash	314.5-.75	+2.12	312-3	-1.87
3 months	324.5-.75	+2.12	322-.25.5	-2
S'ment	314.75	+1.75		......
Prim. West	—	......	29-31	......

* Cents per pound. † On previous official close. ‡ $M per picul.

Morning: Cash £315, three months £325, 24, 24.5, 25, 25.5, 25, 25.25, 25. Kerb: Three months £324.5, 24.75. Afternoon: Three months £324, 23, 23.5, 23, 21.5, 22, 22.5, 22.25. Kerb: Three months £322.5, 21.5, 22.5.

SILVER

Silver was fixed 1.25p an ounce higher for spot delivery in the London bullion market yesterday at 281.35p. U.S. cent equivalents of the fixing levels were: spot 529.3c, up 0.5c; three-month 539.2c, up 0.2c; six-month 551.7c, up 0.7c; and 12-month 574.5c, up 0.1c. The metal opened at 280.7-281.7p (528-529½c) and closed at 281.2-282.2p (530½-532c).

SILVER per troy oz.	Bullion fixing pricing	+ or —	L.M.E. close	+ or —
Spot	281.35p	+1.25	282p	+2
3 months	288.6p	+1.4	289.25p	+2.2
6 months	297.3p	+1.65	—	......
12 months	313.6p	+1.5	—	......

LME—Turnover 74 (142) lots of 10,000 ounces. Three months 288.5, 8.7, 8.8, 89.2. Kerb: Three months 289.5, 9.3, 9.4, 9.2. Afternoon: Three months 290, 89.8, 9.8, 9.7. Kerb: Three months 289.

COCOA

Prices rallied strongly in the morning in thin prices, drifting later to close barely steady, Gill and Duffus reported.

COCOA	Yesterday's Close	+ or —	Business Done
No.3 Contr't			
July	1719.0-20.0	-10.25	1767.0-16.0
Sept.	1728.0-29.0	-12.5	1756.0-27.0
Dec.	1706.0-07.0	+10.5	1727.0-05.0
March	1691.0-94.0	+17.5	1703.0-1688
May	1670.0-80.0	+25.5	1690.0-71.0
July	1650.0-70.0	+27.0	1655.0-50.0
Sept.	1625.5-50.0	+27.75	—

Sales: 2,738 (1,640) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound)—Daily price July 11: 138.38 (140.57). Indicator prices July 12: 15-day average 141.29 (141.33); 22-day average 138.86 (138.27).

COFFEE

Robustas declined steadily in an active morning session. Drexel Burnham Lambert reported. Good trade support was evident throughout the day on a scale-down basis, but this did not prevent the market trading at new lows since April. At the close values were up to £50 lower on the day. Dealers remarked on a noticeable narrowing of differentials, suggesting that forward prices represented reasonable levels when translated into physical terms.

COFFEE	Yesterday's Close £ per tonne	+ or —	Business Done
July	1360-1370	-50.0	1360-1346
September	1282-1285	-49.5	1315-1275
November	1233-1235	-45.5	1250-1225
January	1190-1195	-34.0	1205-1188
March	1140-1145	-35.0	1150-1130
May	1112-1115	-30.5	1115-1110
July	1085-1095	-28.5	1097-1085

Sales: 3,549 (3,081) lots of 5 tonnes.

ICO indicator prices for July 11 (U.S. cents per pound): Colombian Mild Arabicas 186.00 (same); unwashed Arabicas 160.00 (same); other mild Arabicas 146.67 (148.00); Robustas 130.50 (133.00). Daily average 138.21 (140.58).

ARABICA CONTRACT—(In order buyer, seller, business). Aug. 159.00-64.00, Oct. 142.00-53.00, Dec. 134.00-37.00, Feb. 118.00-4.00, April 115.00-30.00, June 112.00-30.00, Aug. 110.00-30.00. Sales: Nil.

GRAINS

LONDON FUTURES (GAFTA)—The market opened 15p higher on wheat and barley. Wheat saw fairly thin trade but good buying interest was seen; also some short covering which increased values to close steady 75-85 higher on the day. Barley values rose in reasonable trading to close 55-65 higher on the day, Acli reported.

M'nth	WHEAT Yesterday's close	+ or —	BARLEY Yesterday's close	+ or —
Sept.	84.10	+0.85	79.30	+0.65
Nov.	86.70	+0.75	82.00	+0.55
Jan.	89.50	+0.75	84.70	+0.65
Mar.	92.15	+0.75	87.25	+0.65
May	94.75	+0.75	89.80	+0.65

Business done—Wheat: Sept. 84.10-83.45, Nov. 86.70-86.10, Jan. 89.50-89.00, March 91.75-91.73, May 94.40-94.35. Sales: 102 lots. Barley: Sept. 79.30-78.75, Nov. 82.05-81.70, Jan. 84.50-84.35, March 87.15-86.55, May 89.40-89.40. Sales: 136 lots.

HGCA—Location ex-farm spot prices. Feed wheat—Hertford 95.10. Feed barley—Borders west 79.30.

The UK monetary coefficient for the week beginning July 17 is expected to remain unchanged.

IMPORTED—Wheat: CWRS No. 1 13½ per cent July and Aug. 92.00 Tilbury. U.S. Dark Northern Spring No. 2 14 per cent July unquoted, Aug. 82.00, Sept. 82.75 transhipment East Coast. U.S. Hard Winter unquoted. Australian wheat unquoted. EEC Feed unquoted.

Maize: U.S./French July/Aug. 98.75, Sept. 100.00 transhipment East Coast. S. African White Aug. 69.00, Liverpool/Glasgow. S. African Yellow Aug. 69.00, Liverpool/Glasgow.

Barley: Unquoted.

DAILY IMPORT LEVIES: Effective for July 13 in order current levy plus Aug., Sept. and Oct. premiums (previous in brackets) all in units of account per tonne: Common wheat—90.85, rest nils (89.15, rest nils); Durum wheat—136.27, nil, nil, 0.33 (133.79, 0.66, 0.66, 0.66); Rye—89.82, rest nils (88.97, rest nils).

Barley—85.36, rest nils (84.58, rest nils). Oats—79.21, rest nils (77.41, rest nils); Maize (other than hybrid for seeding)—84.10, rest nils (82.31, rest nils); Buckwheat—all nils (all nils); Millet—90.78, rest nils (79.94, rest nils); Grain sorghum—84.27, rest nils (84.27, rest nils). Flour Levies: wheat or mixed wheat and rye flour—139.41 (137.07); Rye flour—137.98 (136.77).

COTTON

LIVERPOOL COTTON—Spot and shipment sales amounted to 118 tonnes, bringing the total for the week so far to 228 tonnes, W. F. Tattersall reported. Minor replenishments provided the only evidence of trading. Users were not disposed to purchase freely although interest was shown in north and south American varieties.

RUBBER

STEADIER opening on the London physical market. Little interest at higher levels, closing easier. Lewis and Peat reported a Malaysian godown price of 231 (227) cents a kilo buyer.

No. 1 R.S.S.	Previous Close	Yesterday's close	Business done
Aug.	54.20-54.90	53.70-54.10	55.30-54.90
Sept.	54.90-55.26	54.30-54.94	55.50-55.05
Oct-Dec	56.70-56.80	56.10-56.20	57.85-56.00
Jan-Mr.	58.65-58.70	58.15-58.20	59.70-58.10
Apr-Jne	60.60-60.70	60.10-60.15	61.60-60.10
Jly-Sept	62.50-62.55	61.95-62.00	63.30-62.50
Oct-Dec	64.25-64.30	63.75-63.80	65.50-62.80
Jan-Mar	66.00-66.20	65.55-65.60	66.70-66.05
Apr-Jne	67.70-67.90	67.20-67.30	68.45-67.80

Sales: 255 (191) lots of 15 tonnes and 9 (7) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 53.20p (53.25); August 55.60p (55.50); Sept. 56p (55.75p).

SOYABEAN MEAL

	Yesterday Close	+ or —	Business Done
	£ per tonne		
August	118.74-19.0	-0.20	19.10-18.40
October	118.50-18.5	....	19.50-18.80
December	116.74-17.0	+0.10	16.50
February	118.00-18.5	+0.30	—
April	118.00-20.5	-0.35	—
June	119.15-22.0	+0.05	—
August	118.00-24.5	-0.25	—

Sales: 39 (19) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar) £89.00 (£87.00) a tonne cif for July-Aug. shipment. White sugar daily price was fixed at £95.00 (£97.50).

Scattered shortcovering at the opening was well absorbed and prices soon began to ease. The decline accelerated during the afternoon when New York prices were weak and final quotations were the low points of the day, C. Czarnikow reported.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
Aug.	88.0-88.25	88.50-88.40	89.20-88.00
Oct.	89.35-89.50	89.65-89.70	91.10-89.15
Dec.	91.40-91.55	92.30-92.40	93.75-91.40
March	98.10-98.15	98.20-99.25	100.50-98.05
May	101.20-01.50	102.00-02.25	103.00-01.25
Aug.	104.65-04.80	105.00-05.25	105.75-05.00
Oct.	108.00-08.50	108.60-09.00	—

Sales: 2,949 (2,980) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £264.65 (same), a tonne for home trade and £149.00 (£147.00) for export.

International Sugar Agreement: U.S. cents per pound fob and stowed Caribbean port prices for July 11: Daily 6.45 (6.64); 15-day average 6.84 (6.88).

WOOL FUTURES

LONDON—The market was about unchanged in a quiet session, Bache reported.

(Pence per kilo)

Australian Greasy Wool	Yesterday's Close	+ or —	Business Done
July	250.0-55.0	......	—
October	240.5-42.0	-0.5	41.0
December	244.0-48.0	......	—
March	247.0-50.0	......	—
May	248.0-52.0	......	—
July	249.0-52.0	......	—
October	245.0-53.0	......	—
Dec.	248.0-53.0	......	—

Sales: 5 (nil) lots of 15,000 kg.

SYDNEY GREASY—Close (in order buyer, seller, business, sales)—Micron contract: July 336.0, 337.0, 338.0-336.0, 4; Oct. 334.5, 345.0, 344.6-344.5, 20; Dec. 352.7, 353.3, 354.0-353.0, 18; March 357.0, 357.9, 357.5-357.5, 15; May 361.5, 362.0, 362.5-362.0, 4; July 367.5, 368.0, 367.9-367.5, 8; Oct. 370.5, 370.7, 370.8-370.5, 5; Dec. 372.3, 372.7, 372.5-373.2, 14. Total sales: 88.

MEAT/VEGETABLES

SMITHFIELD (pence per pound)—Beef: Scotch killed sides 54.0 to 58.0. Ulster hindquarters 68.0 to 70.0, forequarters 35.0 to 37.0. Eire hindquarters 67.0 to 70.0, forequarters 35.0 to 37.0.

Lamb: English small 54.0 to 63.0, medium 56.0 to 61.0, heavy 56.0 to 60.0. Imported frozen NZ PL 54.0 to 54.5, NZ PM 53.0 to 54.0.

Pork: English, under 100 lbs 37.0 to 44.0, 100-120 lbs 38.0 to 42.0, 120-160 lbs 35.0 to 41.0.

MEAT COMMISSION—Average fatstock prices at representative markets on July 12: GB—Cattle 72.00p per kg.l.w. (+0.09). UK—Sheep 143.9p per kg.est.d.c.w. (+0.2). GB—Pigs 63.2p per kg.l.w. (+0.2). England and Wales—Cattle numbers up 18.0 per cent, average price 72.00p (+0.26). Sheep up 11.0 per cent, average 144.9p (+1.4). Pig down 6.1 per cent, average 63.2p (+0.2). Scotland—Cattle up 36.9 per cent, average 72.00 (-0.44). Sheep up 45.0 per cent, average 132.6p (-0.7). Pigs up 41.3 per cent, average 61.5p (+1.6).

COVENT GARDEN (Prices in sterling per package except where stated)—Imported produce: Oranges—S. African: Navels 4.00-5.00; Brazilian: 3.80-4.40. Lemons—Italian: 100/120s new crop 4.20-4.50; Spania: Trays 1.40-1.60, large boxes 3.50-4.40; S. African: 4.30-5.40. Grapefruit—S. African: 27/72 3.40-4.50; Jaffa: 40s 4.40. Apples—French: Golden Delicious 20-lb 84s 3.60, 72s 3.70-3.80; W. Australian: Granny Smith 9.50; Tasmanian: Sturmer Pippins 8.80-9.30, Granny Smith 8.60, Croftons 9.80, Democrats 9.50-9.80; S. African: Granny Smith 8.60, White Winter Pearmain 7.20, Starking Delicious 8.80-9.30, Golden Delicious 9.30-9.70; Chilean: Granny Smith 7.00-7.30; New Zealand: Sturmer Pippins 163 9.30, 175 9.20, Granny Smith 8.80; Italian: Rome Beauty per pound 0.15, Golden Delicious 0.17, Jonathans 0.19-0.20. Pears—Victorian: 40-lb Josephines 12.50, Winter Nelis 10.00; Spanish: Per pound Limonera 0.25-0.28. Peaches—Spanish: Trays 2.00-2.20; Italian: 14 trays 1.80-3.00; French: 1.80-2.20. Nectarines—Spanish: 1.50-4.00. Grapes—Per pound Cyprus: Cardinal 0.35, Sultana 0.60; Spanish: Cardinal 0.35. Plums—Spanish: 5 kilos Gaviota 2.40-3.00, Santa Rosa 1.80-3.00, Burbanks 2.20-2.80; Italian: Florentias 20-lb 3.00-3.40. Apricots—Spanish: 5 kilos 2.60-3.00. Bananas—Jamaican: Per pound 0.15. Avocados—Kenya: Fuerte 14/24s 3.00-3.30; S. African: Fuerte 3.00-3.50. Capsicums—Dutch/French: Per 5 kilos 3.00. Cherries—Washington: 0.90. Onions—Israeli: 3.20-3.50; Spanish: 2.50-3.40; Maltese: 3.50. Potatoes—Cyprus: 4.50; Brittany: 1.50; Jersey: 1.60. Tomatoes—Dutch: 2.00; Guernsey: 2.00-2.40; Jersey: 2.00. Carrots—French: Nantes 28-lb boxes 2.90. Beetroot—Cyprus: 22-lb 1.50. Melons—Spanish: Yellow 8/18s 3.30-4.00; Canary: Ogen 6/10s 2.40-2.50; Israeli: Yellow 8/14s 3.50-4.30. Water-Melons—Spanish: 2.70; Israeli: 2.50.

English produce: Potatoes—Per 56-lb 1.20-1.40. Lettuce—Per 12 0.50, Cos 0.80, Webbs 0.80. Rhubarb—Per pound, outdoor 0.06. Cucumbers—Per tray 12/24s 1.00-1.30. Mushrooms—Per pound 0.50-0.55. Apples—Per pound Bramley's 0.11-0.20. Tomatoes—Per 12-lb English 1.60-2.00. Greens—Per crate, Kent 1.00. Cabbage 1.20. Celery—Per 12/16s 2.40-2.60. Strawberries—Per ½-lb 0.12-0.18. Cauliflowers—Per 12 Lincoln 2.00-2.50. Broad Beans—Per pound 0.10. Peas—Per pound 0.09-0.10. Cherries—Per pound Black 0.60, White 0.25. Gooseberries—Per pound 0.25-0.28. Courgettes—Per pound 0.20. Beetroot—Per 28-lb 2.00. Carrots—Per 26-lb 2.20-2.40.

Malaysian tin prospects good

KUALA LUMPUR, July 12.

PROSPECTS FOR discovering new Malaysian tin deposits appear good, the Department of Mines said in a Tin Industry Research and Development Board publication.

Geological indications suggested that lode deposits might be found in the central mountain ranges of peninsular Malaysia and the hilly areas of Pahang and Trengganu it said.

There were also indications of tin deposits in marine sediments in the offshore areas of the Straits of Malacca.

The publication said the discovery of deep alluvial deposits in Selangor, along the lower stretches of the Langat River, gave hope that more deep-seated deposits existed in the other geological structures.

Reuter

PRICE CHANGES

Prices per tonnes unless otherwise stated.

	July 12 1978	+ or —	Month ago
Metals			
Aluminium	£680	....	£680
Free market (cif)	$1,040-50	....	$1020-50
Copper cash W.Bars	£708	+3.25	£737.25
3 months do. do.	£728.25	+3	£759.25
Cash Cathode	£703.5	+2	£731
3 months do. do.	£723.75	+1.75	£752.75
Gold.....Troy oz.	$186.625	+1	$182.625
Lead Cash	£315.75	+4.5	£310.25
3 months	£323.75	+4	£320.25
Nickel	£2,566	....	£2,566
Free Market (cif)(lb)	$1.75 1.88	....	$1.90/2.0
Platinum troy oz.	£133	....	£133
Free Market	£129.25	....	£132.95
Quicksilver (76lb.)	$126-31	+1	$120-25
Silver troy oz.	281.35p	+1.25	286.25p
3 months	288.6p	+1.4	293.85p
Tin Cash	£6,615	-10	£6,870
3 months	£6,546.5	-8.5	£6,702.5
Wolfram 22.04lb cif	$131-36	....	$130-35
Zinc cash	£312.5	-1.875	£322
3 months	£322.375	-2	£322.5
Producers	$600-600	....	$550-600
Oils			
Coconut (Phil)	$675x	+15	$650
Groundnut	£680	....	£739
Linseed Crude (v)	£346	-2	£385
Palm Malayan	$590	-5	$590
Seeds			
Copra Phillip	$455p	-5	$440
Soyabean (U.S.)	$280.5k	-2	$282
Grains			
Barley EEC	‡	....	‡
Home Futures	£82	+0.65	£82.2
Maize			
French No. 3 Am	£103.4	+0.4	£104
Wheat			
No. 1 Red Spring	£92p	-0.5	£95.5
No. 2 Hard Winter	‡	....	
English Milling†	£91.50	....	£105
Cocoa shipment	£1,783.5	....	£1,749
Future Sept.	£1,728.5	-12	£1,661.5
Coffee Future			
Sept.	£1,283.5	-49.5	£1,696
Cotton 'A' Index	70.95c	+0.4	72.25c
Rubber kilo	53p	-0.25	57.75p
Sugar (Raw)	£89	+2	£99.5
Wooltops 64s kilo	283p	....	283p

* Nominal. † New crop. ‡ Unquoted. k August. m June-August. n July-Sept. p July-Aug. q Sept. y August-Sept. x Per ton.

INDICES

FINANCIAL TIMES

July 12	July 11	Month ago	Year ago
239.22	239.44	246.15	248.89

(Base: July 1, 1952=100)

REUTER'S

July 12	July 11	Month ago	Year ago
1454.7	1448.0	1508.8	1526.4

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	July 12	July 11	Month ago	Year ago
Spot	353.33	358.81	356.91	377.63
Futures	341.46	342.66	348.35	353.58

(Average 1924-25-26=100)

MOODY'S

Moody's	July 12	July 11	Month ago	Year ago
Staple Commty	915.3	911.2	923.1	881.0

(December 31, 1931=100)

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.00-£5.60; Codlings £2.50-£3.40. Large haddock £4.00-£4.50, small £2.50-£3.00. Large plaice £4.60-£5.20, Medium £4.50-£4.80, Best small £4.00-£4.30. Skinned dogfish (large) £8.00, (medium) £4.80. Lemon soles (large) £7.00, (medium) £6.00. Rockfish £2.00-£2.40. Reds £1.50-£2.00. Saithe £1.40-£2.00.

U.S. Markets

Bonn talks lift gold and silver

NEW YORK, July 12.

COPPER was unchanged to 10 higher in very quiet trading dominated by locals, Bache reports. Silver and gold finished nominally higher due to concern about the dollar and the steps to support it to be decided at the Bonn summit. Coffee lower on trade selling due to Colombian price reduction. Cocoa without new developments from producing areas seems to be a trading affair, with buyers and sellers basically withdrawn. Sugar closed to new lows as trade and Commission House selling continue to press on the market.

Cocoa—July 144.25 (144.20), Sept. 139.95 (139.45), Dec. 136.30, March 133.70, May 131.35, July 129.40, Sept. 127.35, Dec. 125.75. Sales: 458.

Coffee—"C" Contract: July 146.50 (149.44), Sept. 131.75-132.00 (135.81), Dec. 122.30-123.00, March 117.50, May 114.50-115.50, July 113.00-114.25, Sept. 111.50-112.00, Dec. 110.00. Sales 451 lots.

Copper—July 61.00 (same), Aug. 61.40 (same), Sept. 62.00, Dec. 63.80, Jan. 64.40, March 65.30, May 66.50, July 67.50, Sept. 68.50, Dec. 69.90, Jan. 70.40, March 71.40, May 72.40. Sales: 2,500 lots.

Cotton—Oct. 59.80-59.95 (59.72), Dec. 61.72-61.80 (61.65), March 63.20-63.25, May 64.20-64.25, July 65.19-65.25, Oct. 64.60 bid, Dec. 64.25 bid. Sales: 2,050 bales.

***Gold**—July 186.50 (185.70), Aug. 187.20 (186.60), Sept. 189.00, Oct. 190.10, Dec. 193.10, Feb. 196.20, April 199.30, June 202.50, Aug. 205.70, Oct. 208.90, Dec. 212.10, Feb. 215.30, April 218.50. Sales. 5,500 lots.

†Lard—Chicago loose 22.50. NY prime steam 24.00 (traded (24.25 traded).

†Maize—July 234½-234¾ (239½), Sept. 240-240 (244½), Dec. 245-245½, March 253-252¾, May 256½, July 260.

§Platinum—July 243.00 (240.80), Oct. 247.00-249.00 (245.70), Jan. 251.60-252.50, April 255.20-255.40, July 258.50-259.00, Oct. 262.50-262.70, Jan. 266.20-266.50. Sales: 1,261 lots.

***Silver**—July 527.60 (526.50), Aug. 530.10 (528.90), Sept. 533.90, Dec. 545.60, Jan. 549.60, March 557.80, May 566.50, July 575.30, Sept. 584.20, Dec. 597.70, Jan. 602.20, March 611.40, May 620.50. Sales: 13,000 lots. Handy and Harman spot bullion: 527.60 (525.20).

Soyabeans—July 683-684 (657½), Aug. 673-674 (676½), Sept. 640, Nov. 618½-619½, Jan. 624½, March 629½-630, May 633½, July 634½.

||Soyabean Meal—July 173.90-174.00 (175.20), Aug. 173.40-173.30 (174.20), Sept. 172.70-172.50, Oct. 170.00-169.80, Dec. 167.20-167.40, Jan. 167.00, March 169.00, May 170.00, July 171.00-171.50.

Soyabean Oil—July 25.70-25.55 (25.75), Aug. 24.55-24.50 (24.95), Sept. 24.05-23.95, Oct. 23.20-23.15, Dec. 22.50-22.65, Jan. 22.30-22.25, March 22.20-22.15, May 22.10-22.00, July 21.90-21.95.

Sugar—No. 11: Sept. 6.47-6.49 (6.45), Oct. 6.60-6.61 (6.60), Jan. 7.00-7.15, March 7.28-7.30, May 7.47-7.49, July 7.68-7.69, Sept. 7.84-7.85, Oct. 7.95-7.97. Sales: 3,350 lots.

Tin—560.00-574.00 nom. (565.00-577.00).

****Wheat**—July 316-315½ (320½), Sept. 320-315¾ (325½), Dec. 326½-325½, March 328, May 324, July 318.

WINNIPEG, July 11. ††**Rye**—July 100.70 bid (101.20), Oct. 100.50 (100.30 bid), Nov. 99.80 asked, Dec. 99.00 bid, May 100.50 asked.

††**Oats**—July 72.00 bid (72.20), Oct. 72.20 bid (72.40), Dec. 72.20 bid, March 72.20 bid, May 72.60 nom.

‡‡**Barley**—July 74.20 (74.50 bid), Oct. 73.90 (74.20), Dec. 73.90 asked, March 74.10 asked, May 75.00 nom.

§§**Flaxseed**—July 235.60 bid (237.50), Oct. 236.50 (238.50 bid), Nov. 237.10 asked, Dec. 236.50 asked, May 241.50 bid.

¶¶**Wheat**—SCWRS 13.5 per cent protein content cif St. Lawrence 162.39 (162.71).

All cents per pound ex-warehouse unless otherwise stated. * $s per troy ounce—100 ounce lots. † Chicago loose $s per 100 lbs—Dept. of Ag. prices previous day. Prime steam fob. NY bulk tank cars. ‡ Cents per 56 lb bushel ex-warehouse, 5,000 bushel lots. § $s per troy ounce for 50 oz units of 99.9 per cent purity delivered NY. ¶ Cents per troy ounce ex-warehouse. || New "B" contract in $s a short ton for bulk lots of 100 short tons delivered f.o.b. cars Chicago, Toledo, St. Louis and Alton. ** Cents per 60 lb bushel in store. †† Cents per 34 lb bushel. ‡‡ Cents per 48 lb bushel ex-warehouse. §§ Cents per 56 lb bushel ex-warehouse, 1,000 bushel lots. ¶¶ $C per tonne.

STOCK EXCHANGE REPORT

Equities continue to progress despite uncertain Gilts

30-share index rises 6.0 more to four-week high of 473.3

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Jun. 26	July 6	July 7	July 18
July 10	July 20	July 21	Aug. 1
July 24	Aug. 3	Aug. 4	Aug. 15

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Leading equities embarked on a new upturn yesterday, although trade suffered a general reduction as institutional operators became *more selective in their approach.* The morning session was noticeably quiet, a partial reflection of a subdued Gilt-edged market which appeared to be wrestling with the overnight banking statistics. These suggested that the authorities had regained *control of money supply growth* following last month's financial package, but the market was not impressed and seemed content to await the June trade returns, due tomorrow.

Favourable trading news provided added incentive to equity *buyers who again found stock in* short supply. Afternoon reports that the Government would be asking for less than 10 per cent pay rises when Phase Three ends this month and the promise of yet a further fall in the rate of inflation when the retail price indices are announced on Friday helped sentiment in the late trade.

Several constituents of the F.T. Industrial Ordinary share index maintained their upward momentum, including **British Petroleum** which, responding to renewed U.S. enthusiasm about prospects *for its oil discovery off the Shetlands,* reached a peak for the year of 896p before settling a net 10 higher at 884p. **Dunlop** also turned in a good performance, trading briskly on investment support up to 82p for a gain of 7. The index advanced 6 points further to 473.3, its highest level since June 13 and a rise so far on the week of nearly 18 points.

Grey areas were few but the Royal Commission on Gambling attacking certain sectors such as local lotteries coupled with the recommendation of a casino betting levy unsettled the sector. **Ladbroke** fell 16 to 170 and **Coral Leisure** gave up 12 at 95p.

Satisfactory eligible liabilities' from the clearing banks failed to influence British Funds and, in the absence of any follow-through demand, quotations slipped from the previous evening's late levels. The longs were additionally affected by a disposition to reserve funds for the final call on the tap, due tomorrow, although *the stock,* **Exchequer** 12 per cent, will be dealt in fully-paid form as from today. The easier tendency continued in the after hours' trade, bringing net losses of ¼. At the shorter end of the *market,* marginal *improvements* were recorded with buyers possibly hoping for a slight reduc*tion soon in interest rates.* Among recently-issued Fixed Interest stocks, **Boots** 6¾ per cent Convertible bonds 1993 made its debut at $97½ against the issue price of $100.

A withdrawal of buyers of investment currency coincided with arbitrage offerings released by business in both Hong Kong and *South African shares.* The combination lowered the premium to 108 per cent before a partial recovery *to 108¾ per cent for a net* fall of 1¼ points. Yesterday's SE conversion factor was 0.6639 (0.6537).

Activity in **BP** positions *featured dealings in London* Traded Options yesterday. The price of the underlying equity rose 22 to 896p at one stage and helped to bring about a brisk option trade: some 60 contracts were done and all the 750 series rose around 25p, while the October 850 added 23p. The overall total of 665 contracts was well down on the previous day's 925.

Following the previous day's disappointing debut, **Hunting Petroleum Services** encountered *buyers around the issue price of* 85p and firmed 3 to 89p.

Banks up again

The major clearing Banks continued firmly with sentiment buoyed by a broker's circular. *Lloyds, scheduled to start the in*terim dividend season on July 21, gained a further 4 to 272p, while **Midland** and **NatWest** were similarly dearer at 352p and 272p respectively. **Barclays** closed unaltered at 315p awaiting the outcome of the Investment Trust Corporation takeover resolution. Elsewhere, **Bank of Ireland** hardened 5 more to 385p in a thin market. **Hambros** rallied 3 more to 173p among merchant banks awaiting the outcome of the loan *talks with the Norwegian Guaran*tee Institute.

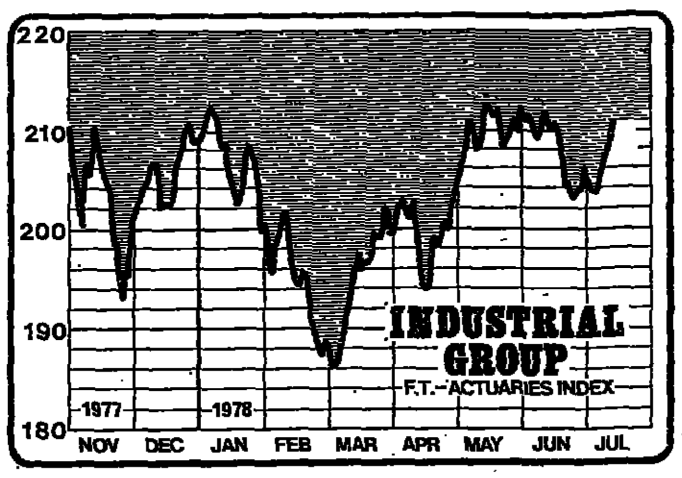
Royals featured Composite Insurances with a rise of 7 to 362p in response to Press comment. *Guardian Royal Exchange firmed* 4 to 216p and **Commercial Union** 2 to 149p. Elsewhere, improvements of 5 and 7 respectively were seen in **Sedgwick Forbes**, 412p and **Hambro Life**, 327p.

Annual results in line with most expectations left **H. P. Bulmer** 2 firmer at 122p.

Building descriptions held steady to firm in a quiet trade. **Countryside Properties** added a couple of pence prior to the announcement of the interim results and improved a penny more after it to close 3 up at 46. *Donald Macpherson firmed a* penny more to 70p in continued response to the interim profits; in sympathy, **Leyland** added 4 to *79p. Elsewhere,* buyers came in for **Pochins** which responded with a rise of 7 to 140p. In contrast, *the pre-tax loss and dividend* omission left **Mears Brothers** 3 down at 17p, after 16p and, still unsettled by the trading loss and deal with Ready Mixed Concrete, *British Dredging shed 2 more to* 31p for a loss of 10 since the announcement. **Fairclough Construction** held steady at 71p after the announcement of the £3.5m acquisition of Robert Watson.

ICI made steady progress and closed 5 higher at 377p. Standing 5 *easier awaiting the annual re*sults, **Allied Colloids** rallied on the announcement and closed only 1½ lower on balance at 71½p. Modest demand in a market short of stock left **Wolstenholme Bronze** 10 to the good at 220p and, similarly, **Farm Feed** put on 6 to 48p.

Encouraged by a broker's circular, small demand in a thin market *lifted* **Anglia TV A** 7 to 82p.



Stores firm

Optimism about the level of consumer spending encouraged leading Stores to make further progress. **Marks and Spencer** put on 3 more to 153p and **Gussies A** rose 4 to 284p. Elsewhere, *Raybeck edged forward 2 to 86p* following the results and proposed preference and ordinary share capitalisation issues. **Time Products** moved up 4 more to 178p on dividend considerations, while **Wallis** put on 5 to 95p. **Ratners**, however, cheapened a *penny more to 68p on further* consideration of the disappointing results and **Customagic** dipped 3 to 17p now that **Mooloya** has gained control; the latter moved up 4 to 64p.

Electrical leaders staged a modest improvement, **GEC**, 271p, and **Plessey**, 97p, both firmed 3, *while the £2m Japanese scanner* order helped sentiment in **EMI**, 2 better at 137p.

Firm Engineerings were led into higher ground by **John Brown** which rose a further 10 to a peak of 402p following good investment demand. **GKN** moved up 6 to *260p and* **Hawker**, *214p, and* **Tubes**, 364p, rose 4 apiece. Elsewhere, **Spirax-Sarco** added 4 at 162p as did **Expanded Metal**, to 69p. Suspended earlier this week at 60p following news of a bid approach, **W. G. Frith** returned at 70p to match the terms of a cash bid *from a number of its directors.* **W. E. Norton** eased a fraction to 46p despite the announcement of a dividend-boosting rights issue. **Crown House** cheapened a shade to 60½p; the price in yesterday's issue was incorrect.

Shares with gambling and allied *interest came under selling pres*sure following the Royal Commission's recommendations. Despite *several attempted rallies,* **Ladbroke** closed around the day's lowest with a fall of 16 at 170p, while **Coral** fell 12 to 95p. **Norton and Wright**, suppliers of lottery tickets, gave up 15 to 160p.

Occasional support was again forthcoming for Hotels. **Trust Houses Forte** firmed 2 more to 223p and **City** closed a similar amount dearer at 124p. Fresh demand in a restricted market left **Myddleton** 10 higher at 250p. *Foods took on a mixed appear*ance. Buying interest revived in **Robertson**, which gained 5 to 130p, *but* **Associated Fisheries** *came on* offer at 41p, down 2. Among Supermarkets, **Wm. Low** firmed 9 to 117p in a market none too well supplied with stock, while gains of 2 were marked against **Wm. Morrison**, 80p, **Hillards**, 224p, and **Linfood**, 143p. **Sainsbury**, *however, came back 5 to 200p—* after recent firmness. **Cadbury Schweppes** firmed 1½ to 54p, but **Tate and Lyle** contrasted with a fall of 4 to 170p.

Pilkington good

Miscellaneous Industrial leaders made good progress for the third *consecutive day and prices con*tinued to improve after the official close. In the wake of the chairman's encouraging annual review, **Pilkington** rose 14 more to 557p. **Beecham**, 663p, and **Glaxo**, 573p, gained 8 apiece, while **Boots** came in for some late support and *closed 6 better at 209p.* **Reckitt and Colman** added 4 more to 483p to the accompaniment of vague suggestions that the company may soon change its domicile. **George Ewer** hardened a penny to 37½p on the disclosure that Dee Computer had sold its entire £4m shareholding to Vivier Investments.

Motors provided several outstanding movements, with **Dunlop** *moving ahead in the leaders on* some good investment buying to close 7 higher at 82p. **ERF** *responded to the good results and* proposed capitalisation issue in Preference shares to Ordinary holders by *rising 12 to 119p, while* **Fodens** put on 2 to 63p in sympathy. Buyers were still show*ing interest in Garages and* Distributors, but activity was on a reduced scale. **Lex Service** firmed 2½ more to 81½ and **Hanger** 1½ to 50½. **Alexanders** hardened a shade further to 20p.

Recently firm on North Sea oil hopes, **Associated Newspapers** and **Daily Mail A** both eased 4 to 168p and 308p respectively. Elsewhere, continued small demand prompted *a rise of 5 to 118p in* **A. and C. Black** and, following the annual results, **Jacksons Bourne End** *added 6 to 73p.*

In Properties, **Chesterfield** stood out with an improvement of 10 to 308p and **Property Security Investment** firmed 8 to 150p. Late demand lifted **Land Investors** 1½ to 38½p, and, awaiting today's annual results, **Raejan** hardened a penny to a 1978 peak of 95p. Of the leaders, **Land Securities** firmed 2 to 214p and **Stock Con***version 6 to 240p.*

B.P. active

Awaiting confirmation of the major oil discovery off the Shetlands, *British Petroleum* encountered another hectic session, and touched 896p before closing 10p up on balance at 884p. **Shell** progressed steadily and hardened 5 to 575p, while **Ultramar** improved 4 to 260p. **Siebens (UK)** found late support and rose 16 *to 358p.*

Small gains predominated in Trusts. **General Funds** improving 4 to 162p and *Sterling Trust* 3 to 178p. Among Financials, **NMC** gained 3 to 20p in response to the increased dividend and profits. **Authority Investments** were *favoured at 48p, up 4, along with* **Dawnay Day**, 2½ better at 46p.

P and O, down a penny at 84p, and **Furness Withy**, 4 cheaper at 224p, reflected the slightly easier trend in Shippings.

Buying interest in Textiles was on a selective basis. **Courtaulds** continued firmly, rising 4 more to 122p, while **Nottingham Manu***facturing closed similarly dearer* at 122p. The sharp increase in the half-yearly profits prompted a gain of 2 to 38½p in *Mackinnon* **of Scotland**. Tobaccos held quietly steady.

Guthrie sustained a fresh bout of profit-taking after the recent *speculative advance and reacted* 15 more to 350p. Elsewhere in Rubbers, prices were inclined a shade easier.

Golds edge up

The $1 rally in the bullion price to $186.625 per ounce coupled with general satisfaction with the quarterly profits of the Gold Fields group producers prompted a continuing modest demand for South African Golds. The Gold *Mines* index added 0.6 more at 160.1 for its third successive rise.

Among those producers to *register considerable profit* increases in the June quarter **Kloof Gold** were 11 firmer at a *1978 high of 544p and* **Ventersport** 6 better at 232p.

Rises in the heavyweights ranged to ¾ as in **West Driefontein** £21¼, and **Western Holdings**, £19¾. **East Rand Gold and Uranium** attracted persistent Cape interest and advanced 11 more to a year's high of 403p.

South African Financials all gained ground with **De Beers** *outstanding and finally 6 higher* at 385p in response to a U.S. demand in the late trade. Cape buying lifted "**Amcoal**" 30 to a 1978 high of 620p.

Platinums responded to the $20 increase in the producer price to $240 charged by Impala with minor gains.

Australians moved ahead strongly in the wake of a further improvement in overnight Sydney and Melbourne markets.

The easier investment currency *premium restricted rises some*what but trading was reported as brisk. The upturn in metal prices aided sentiment in *MIM* **Holdings**, 7 higher at 204p. **Conzinc Riotinto**, 6 firmer at a year's peak of 246p and **Bougainville**, which closed 5 to the good at 125p.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	15	51	11
Corpns., Dom. and Foreign Bonds	3	1	60
Industrials	384	201	954
Financial and Prop.	155	77	286
Oils	12	3	19
Plantations	4	11	17
Mines	55	24	47
Recent Issues	8	13	19
Totals	636	381	1,403

FINANCIAL TIMES STOCK INDICES

—	July 12	July 11	July 10	July 7	July 6	July 5	A year ago
Government Secs.	69.98	70.11	70.26	69.71	69.44	69.02	67.75
Fixed Interest	71.77	71.82	71.59	71.27	71.28	70.98	68.24
Industrial Ordinary	473.3	467.3	465.5	455.6	452.1	452.0	449.9
Gold Mines	160.1	159.5	158.2	157.2	159.5	161.2	116.2
Ord. Div. Yield	5.58	5.66	5.69	5.82	5.85	5.84	5.33
Earnings Y'ld%(full)(*)	16.93	17.16	17.27	17.64	17.74	17.72	15.84
P/E Ratio (net)(*†)	7.85	7.75	7.70	7.54	7.49	7.50	9.13
Dealings marked	4,270	4,672	4,834	4,248	4,195	4,578	4,935
Equity turnover £m	—	87.41	80.19	71.27	60.91	57.81	67.90
Equity bargains total	—	19,386	19,544	15,352	12,948	11,949	18,213

10 am 470.3. 11 am 469.9. Noon 469.7. 1 pm 471.1.
2 pm 471.1. 3 pm 471.5.
Latest Index 01-246 8026.
* Based on 52 per cent corporation tax. † Nil=7.68.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (5/1)	68.79 (6/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	70.73 (6/6)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	497.3 (6/1)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	168.6 (8/3)	130.3 (6/1)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	July 12	July 11
—Daily		
Gilt-Edged	140.0	170.3
Industries	148.0	158.0
Speculative	27.5	37.0
Totals	97.2	105.3
5-day Average		
Gilt-Edged	155.8	156.2
Industrials	150.4	153.7
Speculative	34.6	35.7
Totals	101.1	102.5

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
July 4	July 17	Sep. 28	Oct. 10
July 18	July 31	Oct. 12	Oct. 24
Aug. 1	Aug. 14	Oct. 26	Nov. 7

For rate indications see end of Share Information Service

Money was given for the call of Burmah Oil, Avenue Close, English Property, British Land, Queens Moat Houses, Pleasurama, T. Borthwick, British Petroleum, Weston-Evans, National Carbonising, Barratt Developments, Ladbroke and Lonrho. Berkeley Hambro Property were dealt in for the put, while double options were arranged in Queens Moat Houses, Pleasurama, Ladbroke Warrants and Coral Leisure.

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (132)

FOREIGN BONDS (1)
BANKS (2)
BEERS (2)
BUILDINGS (10)
CHEMICALS (5)
CINEMAS (1)
DRAPERY & STORES (12)
ELECTRICALS (6)
ENGINEERING (8)
FOODS (3)
HOTELS (2)
INDUSTRIALS (18)
MOTORS (1)
NEWSPAPERS (1)
PROPERTY (2)
SHOES (1)
SOUTH AFRICANS (2)
TEXTILES (2)
TRUSTS (42)
OILS (1)
OVERSEAS TRADERS (3)
TEAS (1)
MINES (6)

NEW LOWS (13)

BRITISH FUNDS (2)
Treas. Var. 1981 Treas. Var. 1982
BUILDINGS (1)
Mears Bros.
ELECTRICALS (1)
Ward & Goldstone
ENGINEERING (2)
Bristol Channel Spencer Clark
FOODS (1)
Assoc. Fisheries
INDUSTRIALS (5)
Coral Leisure Norton & Wright
Fertleman (B.) Whiteley (B. S. & W.)
Moss (Robt.)
SHOES (1)
Strong & Fisher

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
ICI	£1	16	377	+ 5	396	328
BP	£1	14	884	+10	896	720
Coral Leisure	10p	12	95	−12	144	95
Guthrie	£1	10	350	−15	375	211
Ladbroke	10p	10	170	−16	215	162
NatWest	£1	8	272	+ 4	298	250
BATs Defd.	25p	7	260	—	296	227
Dunlop	50p	7	82	+ 7	90	71
European Ferries	25p	7	126	− 3½	129½	99
GKN	£1	7	260	+ 6	286	248
P. & O. Defd.	£1	7	84	− 1	118	84
Shell Transport	25p	7	575	+ 5	586	484
GEC	25p	6	271	+ 3	278	233
Grand Met.	50p	6	106½	− ½	117½	87
HK & Shanghai Bk.	$HK2.50	6	333	− 7	347	203

LEADERS AND LAGGARDS

The following table shows the percentage changes† which have taken place since December 30, 1977, in the principal equity sections of the FT Actuaries Share Indices. It also contains the Gold Mines Index.

Section	%	Section	%
Gold Mines FT	+ 19.74	All-Share Index	+ 0.38
Newspapers and Publishing	+ 15.22	Insurance Brokers	+ 0.23
Mining Finance	+ 13.49	Metal and Metal Forming	− 0.05
Overseas Traders	+ 12.99	Contracting and Construction	− 0.35
Engineering Contractors	+ 7.67	Building Materials	− 0.45
Toys and Games	+ 7.37	Cons. Goods (Non-Dur.) Group	− 1.05
Chemicals	+ 6.66	Pharmaceutical Products	− 1.60
Mechanical Engineering	+ 6.25	Food Manufacturing	− 2.42
Tobaccos	+ 6.19	Breweries	− 3.23
Office Equipment	+ 5.75	Entertainment and Catering	− 3.58
Investment Trusts	+ 5.14	Food Retailing	− 3.62
Oils	+ 4.61	Household Goods	− 4.05
Motors and Distributors	+ 4.37	Insurance (Life)	− 4.94
Wines and Spirits	+ 3.10	Property	− 5.01
Packaging and Paper	+ 3.05	Stores	− 5.16
Textiles	+ 2.65	Merchant Banks	− 5.66
Capital Goods Group	+ 2.23	Banks	− 6.22
Consumer Goods (Durable) Group	+ 1.75	Financial Group	− 6.68
Electricals	+ 1.08	Discount Houses	− 9.50
500 Share Index	+ 1.06	Insurance (Composite)	− 11.07
Electronics, Radio and TV	+ 1.03	Hire Purchase	− 11.28
Other Groups	+ 1.01	Shipping	− 13.69
Industrial Group	+ 0.43		

† Percentage changes based on Tuesday, July 11, 1978, indices.

LONDON TRADED OPTIONS

Option	Ex'rcise price	July Closing offer	July Vol.	October Closing offer	October Vol.	January Closing offer	January Vol.	Equity close
BP	750	145	—	164	10	182	—	895p
BP	800	95	5	117	—	142	3	..
BP	850	45	17	79	5	105	1	..
BP	900	13	15	55	2	77	11	..
Com. Union	140	11	49	17	—	19	—	149p
Com. Union	160	¾	—	7	45	11½	4	..
Cons. Gold	160	22	—	29	—	32	1	181p
Cons. Gold	180	3½	23	14	11	19	10	..
Courtaulds	100	23	—	25½	—	27	—	121p
Courtaulds	110	13	10	17	—	19½	15	..
Courtaulds	120	5	—	10	—	13½	—	..
Courtaulds	130	1½	—	6	—	8½	—	..
GEC	220	52	—	55	—	61	—	271p
GEC	240	32	—	38	—	47	—	..
GEC	260	12	11	23½	13	33	—	..
GEC	280	1½	—	14	22	23	—	..
Grand Met.	100	7½	14	12½	—	16½	15	106p
Grand Met.	110	1	56	7	6	11¼	—	..
Grand Met.	120	½	1	3½	—	7	13	..
ICI	330	47	7	54	—	58	5	376p
ICI	360	18	21	28	5	38	20	..
ICI	390	1½	5	12	9	22½	15	..
ICI	420	¼	—	5½	—	13	22	..
Land Secs.	180	35½	—	39	—	43	6	215p
Land Secs.	200	16	5	19½	42	26	5	..
Land Secs.	220	1½	22	8	2	13	—	..
Marks & Sp.	120	34	—	37	—	38	3	153p
Marks & Sp.	140	14	18	19	—	22	1	..
Marks & Sp.	160	1	6	7½	20	11	—	..
Shell	500	77	3	90	—	96	2	576p
Shell	550	26	—	46	—	58	—	..
Shell	600	1¼	10	16½	26	34	—	..
Totals			298		215		152	

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P/E Ratio
75	F.P.	30/6	92	85	Bramall (C.D.)	86	+1	4.5	3.1	7.9	4.6
100	F.P.	5/7	184	142	Fordham	167		2.64	3.0	2.4	15.9
85	F.P.	—	91	85	Hunting Petr. Services	89	+4	4.65	3.0	7.9	6.5
‡54	F.P.	—	[illegible]	[illegible]	[illegible]	35		2.0	2.5	8.7	7.6

FIXED INTEREST STOCKS

Issue Price	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price	+ or −
• •	F.P.	28/7	90p	88p	Allied Leather 9% Pref.	89p	.....
• •	F.P.	—	94½	92	Allied Retailers 9½% Pref.	92	−1
£98	£50	22/9	51	46	Barnet [illegible] Red. 1987	50¾	−¼
£99.4	F.P.	—	99¾	95¼	Birmingham Var Rate 83-85	99¼	+1/16
$100	Nil	—	$97½	$97½	Boots 6¾% Conv. Bds. 1993	$97½	.....
‖	F.P.	7/8	22	8¼	Carlton 12% Conv. Prin. 1979—85 10p	16	−1
‖	£10	—	£107½	£103¼	East Anglia Water 7% Red. Pref. 1983	£103¼	.....
100p	F.P.	16/8	104p	101p	Ecclesiastical Ins.Office10%Red 2ndCumPref	101½p	.....
£100	F.P.	—	100¾	99⅝	Edinburgh (City of) Var. Rate 1983	99⅝	−⅛
‡£47.55	F.P.	28/7	98½	97¾	Essex Water 7% Red. Pref. 1983	98½	.....
‖	£25	25/8	25	23½	Fairview Ests. 13.85% Deb	24	.....
• •	F.P.	21/7	98¼	97p	J B Holdings 10% Pref	98p	.....
• •	F.P.	21/7	105¼	101½p	Miller (F.) 11% Pref	101½p	.....
• •	F.P.	—	96	94	More O'Ferrall 10% 2nd Cum. Pref.	94	−2
109	F.P.	21/7	109p	109p	[illegible] 11% Pref.	109	.....
99¾	F.P.	—	100	99⅝	Sefton Var. Rate Red. 1983	99⅝	−⅛
£98¼	£10	20/10	9¼	8	Southend-on-Sea 12% Red. 1987	8¾	−¼
£99	£10	21/7	10¼	9	South Tyneside 12¼% Red. 1986	9¾	−¼
£98¾	£50	1/9	50½	47¾	Tyne & Wear 12% Red. 1986	48¾	−¼
£98¾	£25	15/9	25½	24	West Kent Water 12% Deb. 1986	24½	.....

"RIGHTS" OFFERS

Issue Price p:	Amount Paid Up	Latest Renunc. Date		1978 High	1978 Low	Stock	Closing Price p:	+ or −
SA2.75	Nil	—	—	26pm	25pm	ANZ	25pm	.....
5	Nil	—	—	4½	3½	Bridgend Processes	4½	+½
45	F.P.	7/7	18/8	58	54	British Tar Products	57½	+1
28	Nil	18/7	18/8	6pm	3½pm	Brooke Tool Eng.	4pm	+½
15	Nil	—	—	4½pm	4pm	Dartmouth Invs.	3½pm	.....
14½	Nil	—	—	5pm	2pm	Elswick-Hopper	3pm	.....
82	F.P.	7/7	18/8	104	93	Hartwells	96	.....
36	Nil	—	—	14	10	Realam Sims & Coggins	14	+3
10d	Nil	14/7	4/8	17pm	1pm	Henrys	16pm	−½
29	Nil	3/7	28/7	42½pm	38pm	Hyman (I. & J.)	40½	.....
130	F.P.	14/7	4/8	151	144	Leigh Interests	146pm	−1
25	Nil	—	—	4pm	2pm	Lovex	2pm	.....
98	F.P.	7/7	28/7	112	102	Sketchley	110	.....
95	Nil	17/7	25/8	24pm	17pm	Securicor Group	17pm	−2
95	Nil	17/7	25/8	22pm	15pm	Do. A. N/V	16pm	−2
95	Nil	17/7	25/8	25pm	12pm	Security Services	12pm	.....
95	Nil	17/7	25/8	24pm	12pm	Do. A. N/V	12pm	.....
30	Nil	—	—	27	28	Sutcliffe Speakman	27	+1

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of Ordinary shares as a "rights." ** Issued by way of capitalisation. †† Minimum tender price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. ☐ Issued to former Preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Wed., July 12, 1978 Index No.	Day's Change %	Est. Earnings Yield% (Max.) Corp. Tax 52%	Gross Div. Yield% (ACT at 34%)	Est. P/E Ratio (Net) Corp. Tax 52%	Tues. July 11 Index No.	Mon. July 10 Index No.	Fri. July 7 Index No.	Thurs. July 6 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	215.33	+0.8	17.58	5.65	7.89	213.61	212.44	208.66	207.62	182.80
2	*Building Materials* (28)	192.16	+0.8	18.05	5.72	7.81	190.66	188.83	185.26	185.28	151.48
3	Contracting, Construction (27)	339.93	+0.3	20.51	4.04	7.09	339.08	336.74	331.94	332.11	246.65
4	Electricals (15)	469.14	+1.3	14.66	3.96	9.66	463.15	463.15	451.61	443.63	370.98
5	Engineering Contractors (14)	319.92	−0.2	18.75	6.38	7.10	320.58	319.91	311.99	310.05	264.48
6	Mechanical Engineering (72)	172.11	+0.7	18.72	6.24	7.22	170.98	170.08	167.32	167.31	163.57
8	*Metals and Metal Forming* (16)	162.26	+1.0	17.61	8.67	7.74	160.62	159.67	157.95	157.85	149.94
11	CONSUMER GOODS (DURABLE) (52)	198.08	+0.6	17.47	5.28	8.05	196.98	196.45	193.15	190.14	173.17
12	Lt. Electronics, Radio TV (15)	234.66	—	16.00	4.35	8.83	234.70	234.17	229.60	222.58	200.72
13	Household Goods (12)	175.35	+0.1	16.66	6.44	8.29	175.24	174.85	174.17	174.55	162.10
14	Motors and Distributors (25)	124.56	+1.6	19.90	6.43	7.06	122.64	122.22	120.31	120.73	111.08
21	CONSUMER GOODS (NON-DURABLE) (174)	202.35	+0.3	15.91	5.91	8.53	201.66	199.31	195.32	194.87	166.96
22	Breweries (14)	222.70	−0.1	15.32	6.10	9.29	222.87	219.26	215.78	215.26	177.85
23	Wines and Spirits (6)	260.82	−0.1	15.51	5.52	9.78	261.03	258.03	251.68	249.39	189.00
24	Entertainment, Catering (17)	248.75	−1.3	15.82	6.97	9.25	251.98	250.37	244.85	242.41	210.93
25	Food Manufacturing (21)	195.60	−0.3	19.31	5.69	6.85	196.13	193.61	189.79	190.45	173.48
26	Food Retailing (15)	207.27	−0.1	14.11	4.91	9.79	207.44	204.04	199.51	199.00	173.68
32	Newspapers, Publishing (13)	398.05	−0.3	10.04	3.15	14.22	399.25	398.41	396.39	393.30	302.51
33	Packaging and Paper (15)	134.48	+0.4	19.53	7.88	6.76	133.93	131.97	130.29	130.08	121.64
34	Stores (39)	186.89	+1.6	11.27	4.73	13.01	183.92	182.35	177.22	177.24	145.95
35	*Textiles* (25)	178.47	+1.6	18.55	7.76	7.01	175.60	173.39	170.19	169.16	166.08
36	Tobaccos (3)	240.01	−0.4	22.86	7.80	5.24	241.01	237.04	234.79	233.72	202.40
37	Toys and Games (6)	107.85	−0.2	18.85	5.79	6.48	108.02	107.50	106.67	107.39	98.38
41	OTHER GROUPS (97)	197.40	+0.9	16.25	5.80	8.06	195.73	194.08	190.67	190.40	180.34
42	Chemicals (19)	282.21	+1.1	17.55	6.19	7.74	279.21	277.62	272.37	271.34	254.42
43	Pharmaceutical Products (7)	260.45	+1.1	11.10	3.94	11.21	257.59	256.88	252.21	252.15	0.00
44	Office Equipment (6)	132.29	+1.3	18.11	4.91	6.54	130.65	129.19	127.07	127.23	103.25
45	Shipping (10)	401.71	−0.9	18.04	7.62	6.83	405.44	403.73	397.47	396.09	493.18
46	Miscellaneous (55)	204.67	+0.7	17.49	6.44	7.62	203.27	200.09	196.85	196.91	175.50
49	INDUSTRIAL GROUP (495)	210.90	+0.6	16.51	5.77	8.21	209.65	207.82	203.95	203.20	180.89
51	Oils (5)	504.88	+1.0	14.62	3.91	7.42	499.76	491.01	480.38	473.77	509.07
59	500 SHARE INDEX	235.14	+0.7	16.22	5.48	8.08	233.60	231.24	226.82	225.64	207.27
61	FINANCIAL GROUP (100)	162.49	+1.0	—	5.83	—	160.88	159.59	155.67	154.83	137.92
62	Banks (6)	185.47	+0.9	25.52	6.05	5.93	183.84	181.02	177.10	175.62	157.46
63	Discount Houses (10)	204.12	+0.4	—	8.47	—	203.34	200.83	200.11	200.31	175.67
64	Hire Purchase (5)	149.36	+1.4	13.08	5.49	11.32	147.33	142.08	139.45	136.65	134.76
65	Insurance (Life) (10)	133.90	+0.4	—	6.80	—	133.31	132.50	128.13	126.88	106.04
66	Insurance (Composite) (7)	124.17	+1.5	—	6.87	—	122.34	122.42	118.23	118.34	110.85
67	Insurance Brokers (10)	338.72	+0.9	13.90	4.63	10.31	335.67	333.61	324.91	322.13	298.97
68	Merchant Banks (14)	78.59	+1.1	—	6.23	—	77.71	76.58	76.33	75.97	66.27
69	Property (31)	234.83	+1.0	3.53	3.17	48.65	232.46	230.03	224.88	223.86	188.08
70	*Miscellaneous* (7)	104.68	+0.2	24.26	7.98	5.36	104.50	105.61	105.49	104.92	88.93
71	Investment Trusts (50)	218.15	−0.2	3.18	4.66	31.46	218.53	216.29	212.59	211.23	173.45
81	Mining Finance (4)	101.28	+0.8	17.42	6.87	6.99	100.52	100.30	97.43	97.05	91.52
91	Overseas Traders (19)	316.25	−0.4	16.57	6.75	7.41	317.46	314.18	308.40	308.16	272.59
99	ALL-SHARE INDEX (673)	216.67	+0.7	—	5.55	—	215.26	213.19	208.91	207.83	188.92

FIXED INTEREST PRICE INDICES

	British Government	Wed. July 12	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	*Under 5 years*	104.69	+0.10	—	4.81
2	5-15 years	113.88	−0.20	—	5.95
3	Over 15 years	120.10	−0.23	—	7.02
4	Irredeemables	124.86	−0.19	—	7.24
5	All stocks	112.38	−0.09	—	5.87

FIXED INTEREST YIELDS — Br. Govt. Av. Gross Red.

			Wed. July 12	Tues. July 11	Year ago (approx.)
1	Low Coupons	5 years	8.85	8.82	7.69
2		15 years	11.02	10.99	11.35
3		25 years	11.72	11.69	12.35
4	Medium Coupons	5 years	11.55	11.59	10.44
5		15 years	12.25	12.22	12.26
6		25 years	12.34	12.28	12.88
7	*High* Coupons	5 years	11.69	11.73	11.27
8		15 years	12.72	12.68	13.39
9		25 years	12.99	13.00	13.57
10	Irredeemables		11.77	11.74	12.56

		Wed. July 12 Index No.	Wed. July 12 Yield %	Tues. June 11	Mon. July 10	Friday July 7	Thurs. July 6	Wed. July 5	Tues. July 4	Mon. July 3	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	56.85	†13.06	56.79	56.72	56.72	56.64	56.54	56.37	57.16	55.92
16	Investment Trust Prefs. (15)	51.59	13.72	51.59	51.59	51.64	51.65	51.62	51.05	51.05	51.78
17	Coml. and Indl. Prefs. (20)	70.13	13.21	70.13	70.20	70.14	70.14	70.24	70.62	70.48	69.28

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. *A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.*

INSURANCE, PROPERTY, BONDS

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Inter'l. Fd. Incm.	112.0	117.8	+1.1	3.97
Money Fd. Acc.	96.0	101.0	—	—
Money Fd. Incm.	96.0	101.0	—	8.75
Dist. Fd. Incm.	102.0	107.3	+0.4	7.92
Crown Brt. Inv.'A'	159.6	—	—	—

Crusader Insurance Co. Ltd.
Vincula House, Tower Pl., EC3. 01-626 8031

Gth. Prop. July 4	76.9	80.4	—	—

Eagle Star Insur/Midland Ass.
1, Threadneedle St., EC2. 01-588 1212

Eagle/Mid. Units	52.3	54.2	+0.1	6.04

Equity & Law Life Ass. Soc. Ltd.♥
Amersham Road, High Wycombe 0494 33377

Equity Fd.	113.1	119.0	+0.2	—
Property Fd.	106.5	112.1	—	—
Fixed Interest F.	107.5	113.1	−0.4	—
Gtd. Deposit Fd.	99.2	104.4	—	—
Mixed Fd.	110.2	115.9	−0.1	—

Money Mkt. Pens.		181.2	—	—
Deposit		128.9	—	—
Deposit Pens.		148.4	—	—
Managed		105.3	—	—
Managed Pens.		134.7	—	—
Intl. Equity		104.0	—	—
Intl. Managed		102.6	—	—

NEL Pensions Ltd.
Milton Court, Dorking, Surrey. 5911

Nelex Eq. Cap.	78.1	82.2	—	—
Nelex Eq. Accum.	112.0	117.8	+1.0	—
Nelex Money Cap.	61.8	65.0	—	—
Nelex Mon. Acc.	65.5	69.0	—	—
Nelex Gth Inc Cap.	47.6	50.1	—	—
Nelex Gth Inc Acc.	48.6	51.1	—	—
Nel Mxd. Fd. Cap.	47.6	50.1	—	—
Nel Mxd. Fd. Acc.	48.6	51.1	—	—

Next Sub. day July 25.
For New Court Property see under Rothschild Asset Management

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single-premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by φ. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

CORAL INDEX: Close 472-477

INSURANCE BASE RATES

† Property Growth	10¼ %
† Vanbrugh Guaranteed	9.25%

† Address shown under Insurance and Property Bond Table.

FT SHARE INFORMATION SERVICE

BONDS & RAILS—Cont.

1978 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
88	82½	Ireland 7½pc '81-83	83½xd	......	7½	11.82
91	79	Do 9¾pc '91-96	82	......	9¾	12.82
395	265	Japan 4pc '10 Ass.	395xd	+20	—	—
87	68½	Do 6pc '83-88	69xd	......	6	11.05
160	140	Peru Ass. 3pc	140	......	3	2.16
75p	75p	S.G.I. 6½pc 1980	75pxd	......	6½	8.67
$99	$94½	Turin 9pc 1991	$94½	......	9	9.52
DM91	DM81	Turin 6½pc 1984	DM91	......	6½	10.70
97	94	Uruguay 3½pc	97	......	3½	3.80

U.S. $ & DM prices exclude inv. $ premium.

**BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1978 High	Low	Stock	£	+ or —	Int. Yield	Red. Yield
99⅝	98⅝	Exch. 5pc '78-79††	99¼	......	5.05	9.46
105¼	101¼	Treasury 11½pc '79††	101¼	......	11.36	9.40
97	94¾	Treasury 3pc '79††	95⅝	......	3.14	6.89
97⅞	95⅛	Electric 4¼pc '74-79	95⅞	......	4.43	7.86
104⅛	99⅞	Treasury 10½pc '79††	100⅛	......	10.49	10.31
96½	94¾	Electric 3½pc '76-79	95⅞	−⅛	3.65	6.74
103⅛	96⅞	Treasury 9pc 1980††	97⅛	+⅛	9.27	10.93
102⅛	97⅛	Treasury 9½pc '80††	97⅝	+⅛	9.73	10.93
95⅛	92⅝	Treasury 3½pc '77-80	93¾	......	3.73	7.02
96½	93¼	Funding 5¼pc '78-80††	94⅛	......	5.58	8.62
110¼	103⅛	Exchequer 13pc 1980††	103⅞	+⅛	12.54	11.13
106¼	99⅞	Treasury 11½pc 1981††	100⅝xd	+⅛	11.43	11.19
91⅝	88¼	Treasury 3½pc 1979-81	89⅞xd	......	3.89	7.89
101¼	95⅝	Treasury 9¾pc 1981††	96½	+⅛	10.10	11.25
97	91⅞	Exch. 8¼pc 1981	93⅛	+⅛	8.86	11.06
100¾	94¼	Exch. 9½pc 1981	95½xd	+⅛	9.95	11.29
87	85⅝	Exch. 3pc 1981	86	−⅛	3.49	8.20
97	95	Treas. Variable '81§§	95	−⅛	10.22	10.84
111	102⅝	Exch. 12¾pc 1981††	103⅞	+⅛	12.33	11.45
99⅛	91⅞	Treas. 8½pc '80-82††	92¾xd	+⅛	9.16	11.03
86⅝	82⅞	Treasury 3pc '82††	84xd	......	3.57	8.23
115⅛	106¼	Treasury 14pc '82††	107	+⅛	13.08	11.58
96⅛	94⅞	Treas. Variable '82§§	94⅞	−⅛	10.33	11.48
96⅞	89⅝	Treasury 8¼pc '82	90½	+⅛	9.12	11.27
100⅛	91⅛	Exch. 9¼pc 1982	92	+⅛	10.05	11.68
94¾	91⅛	Exch. 9¼pc 1982 A	92	+⅛	10.05	11.71
96⅛	89½	Exch. 8¾pc 1983	90½	+¼	9.67	11.57
85¼	79⅝	Exch 3pc '83	79⅞	......	3.76	8.34
114¼	100½	Treasury 12pc 1983††	101½	+¼	11.82	11.55

Five to Fifteen Years

1978 High	Low	Stock	£	+ or —	Int. Yield	Red. Yield
100⅛	89⅝	Treasury 9½pc '83	90⅝xd	−⅛	10.19	11.75
45	43	Exch. 10pc '83 (£45 pd.)	43⅞	−⅛	10.67	11.60
89⅝	80¾	Funding 5½pc '82-84††	81⅞xd	−⅛	6.72	9.83
96⅞	86½	Treasury 8½pc '84-86††	87⅝	−⅛	9.71	10.87

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
23	17	Antofagasta Rly.	23	......	—	—
38	33	Do 5pc Pref.	38	......	—	—
98	98	Chilean Mixed	98xd	......	—	£3.10
415	350	German Yng. 4½pc.	405xd	......	4½	—
54	46	Greek 7pc Ass.	54	......	3½	£6.48
51	46	Do 6pc '28 Stab. Ass.	51	......	6	£6.00
44	40	Do 4pc Mixed Ass.	43xd	......	4	£4.65
55	42	Hung. '24 Ass.	55	......	4½	5.00
77	65	Iceland 6½pc '83-88	65xd	......	—	12.60

AMERICANS

1978 High	Low	Stock	£	+ or —	Div. Gross	Cvr	Y'ld Gr's
17½	13½	ASA	17	−⅛	80c	—	2.6
60½	60½	AMF 5% Conv. '87	60½	......	5%	—	—
31	22	Amax $1	27	......	$1.75	—	3.6
32	21¾	American Express	28⅞	......	$1.40	—	2.8
33½	11	Amer. Medic. Int.	21½	−½	30c	—	0.8
15⅝	969p	Amarco Inc.	11¼	−⅛	40c	—	2.0
29¾	18¾	Baker Intnl. Corp. $1	23xc	+⅛	64c	—	1.6
19¾	11⅞	Barnes Grp. $6⅔	17½xd	−¼	90c	—	3.0
32⅞	22	Bendix Corp. $5	30½xd	−½	$2.28	—	4.2
23½	13	Beth. Steel $8	18xd	−¼	$1.00	—	3.1
11⅞	625p	Brown'g Fer. c10⅔	11⅞xd	......	40c	—	2.1
13½	857p	Brunswick Corpn. $	12	......	70c	—	3.3
65	41⅞	Burroughs Corp. $5	58½	−½	$1.00	—	1.0
48	30½	CBS $2.50	43⅝	......	$2.40	—	3.1
42⅝	28¾	C.P.C. $⅓	38⅜xd	+¼	$2.50	—	3.6
48⅞	32¾	Caterpillar $	46¾	+½	$1.80	—	2.2
27¼	17⅞	Chase M'htn. $12.5	24⅜xd	+⅜	$2.20	—	5.0
22	13⅝	Chesebrough $1	19¾	......	94c	—	2.7
11	765p	Chrysler $6¼	870p	+1	$1.00	—	6.5
21¼	13½	Citicorp $4	18½xd	......	$1.06	—	3.4
14	733p	City Inv. $1.25	12¼	−¼	$1.00	—	4.6
25	14⅝	Do. Cm. Prf. B $1	20½	−¼	$2	—	5.5
18⅞	12⅞	Colgate-P. $1	16¼	......	$1.00	—	3.5
31½	29⅞	Colt Inds. $1	30xa	+⅛	$3.15	—	5.9
26	15½	Cont. Illinois $10	22¼xd	+⅛	$1.32	—	3.3
25⅛	17	Cont. Oil $5	21¼	+¼	$1.40	—	3.7
28	20⅛	Crown Zell. $5	25⅛	+⅛	$1.90	—	4.3
47⅛	20⅛	Cutler-Hammer $5	46	−¼	$1.40	—	1.7
32½	22	Eaton Crp. $0.50	29¾	+¼	$2.25	—	4.3
26½	17¼	Esmark	24½xd	−¼	$1.84	—	4.2
40	28¼	Exxon $	36¼	+⅝	$3.20	—	5.0
12¼	670p	Firestone Tire $	10⅝xd	−⅜	$1.10	—	5.8
18⅞	11¼	First Chicago	16½xd	+¼	$1.00	—	3.4
32⅞	20¾	Fluor Corp. $⅝	28¾xd	−¼	$1.20	—	2.4

S.E. List Premium 50⅛% (based on US$1.8828 per £)
Conversion factor 0.6639 (0.6567)

CANADIANS

S.E. List Premium 50⅛% (based on $2.1143 per £)

BANKS & HP—Continued

Hire Purchase, etc.

1978 High	Low	Stock	Price	+ or —	Div Net	Cvr	Y'ld Gr's	P/E
235	172	Nat. Bk. Aust. $A1	225	......	tQ14c	φ	4.0	φ
81	66	Nat. Com. Grp.	72	......	†2.63	4.6	5.5	5.9
298	250	Nat. West. £1	272	+4	11.49	4.2	6.4	5.6
445	350	Schroders £1	400	......	11.55	—	4.4	—
255	190	Seccombe MC £1	215	......	13.34	—	9.4	—
92	70	Smith St. Aub.	76	......	5.01	—	10.0	—
427	378	Stand'd Chart £1	390xd	......	19.35	d3.4	7.5	4.9
59	84	Trade Dev. $1.50	$9	......	Q55c	3.2	6.1	5.2
356	290	Union Disc £1	315	......	h15.81	—	7.6	—
48	32	U.D.T.	41	......	—	—	—	12.1
£24	£15¾	Wells Fargo $5	£21½	......	$1.40	—	3.6	—
69	60	Wintrust 20p	69	......	3.03	—	6.9	—

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

BANKS AND HIRE PURCHASE

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

1978 High	Low	Stock	Price	+ or —	Div Net	Cvr	Y'ld Gr's	P/E
396	328	Imp. Chem. £1	377	+5	16.52	2.8	6.6	7.6
49	41½	Do. 5% Pf. £1	41½	......	3.5	47.7	12.8	—
77	62	Int. Paint	72	......	2.29	φ	4.8	φ
111	91	Laporte Inds. 50p	111	+2	6.77	1.5	9.2	9.8
£30½	£22½	Norsk H. Kr.80	£27¾	−¼	Q12%	1.5	3.5	‡
85	72	Plysu 10p	80	......	d1.38	6.0	2.6	7.2
200	140	Ransom Wm. 10p	190	......	†2.79	7.5	2.2	9.1
68	48	Rentokil 10p	58	......	1.61	2.6	4.2	13.4
67	55	Revertex	68	+2	h3.34	2.2	7.4	7.6
220	190	Scot. Ag. Ind. £1	220	......	12.0	2.3	8.3	7.9
155	108	Stewart Plastics	154	+1	†d2.81	5.6	2.8	9.8
15	5½	Thurgar Bardex 10p	14	......	0.68	3.0	7.4	6.9

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

ELECTRICAL AND RADIO

ENGINEERING—Continued

1978 High	Low	Stock	Price	+ or —	Div Net	Cvr	Y'ld Gr's	P/E
169	142	Averys	160	......	5.81	3.0	5.5	9.2
133	107	Babcock & W.	132	......	5.25	3.2	6.0	5.8
9½	5	Bailey (C. H.)	5	......	0.21	0.7	6.5	39.1
106	87	Baker Perk. 50p	95	......	4.30	φ	6.9	φ
45	34	Bamfords 20p	34	−1	1.76	3.6	7.8	(3.9)
64	42½	Banro Cons. 20p	64	......	h2.16	3.7	5.1	7.9
58	38	Barton & Sons	58	+2	h2.72	3.5	7.1	6.0
53	43	Beaufort 10p	47	−1	d3.34	1.8	10.8	7.8
17½	16	Beran (D.F.) 5p	16	......	c1.33	2.3	12.6	5.6
70½	59	Birmid Qualcast	61	......	4.46	1.6	11.1	8.8
84	58	B'ngham Mint	70	......	4.42	0.9	9.6	17.1
101	58	B'ham Pallet 10p	92xd	......	†5.6	1.1	9.2	14.5
64	47	Blackw'd Hodge	62	......	h1.94	4.7	4.7	6.4

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

1978 High	Low	Stock	Price	+ or —	Div Net	Cvr	Y'ld Gr's	P/E
78	66	F.M.C.	67	......	‡t6.0	2.8	‡	3
14	8¼	Fisher (A.) 5p	13½	......	0.64	1.4	7.1	14
74	57	Fitch Lovell 20p	63	−2	§4.05	1.6	9.7	9
26	22	Glass Glover 5p	24	......	†1.23	2.9	7.9	6
50	44	Goldrei Foucard	48	......	d2.69	φ	8.5	φ
68	56	Hazlew'd's P.20p	66	+3	§3.06	—	7.0	12
65	45	Highgate & J. 50p	46	......	2.50	φ	8.2	φ
252	165	Hillards 10p	224	+2	4.41	6.8	3.0	5
91	59	Hinton (A.) 10p	91	+1	2.87	5.3	4.8	6
£40⅝	£28¼	Kraft $2.50	£37⅝	+¼	tQ$2.32	2.3	3.5	12
117½	70	Kwik Save 10p	78	......	th2.6	2.5	5.0	12
41	27	Lennons Gp. 10p	34xd	−1	d1.67	φ	7.4	φ
176	128	Linfood Hldgs.	143	+2	†9.39	2.2	9.9	(6)
116	104	Lockwoods	104	−1	3.69	5.0	5.4	5
38	20	Lovell (G.F.)	38	+1	—	—	—	—
126	93	Low (Wm.) 20p	117	+9	5.5	2.4	7.1	6
111	72	Lyons (J.) £1	89	......	§7.57	0.2	12.9	—
152	120	Matthews (B.)	148	......	d9.15	3.4	9.4	4
91	75	Meat Trade Sup.	84	......	†d7.26	1.2	13.1	9
63	22	Morgan Eds. 10p	57	......	†1.91	—	—	—
80	55	Morris's (W.) 10p	80	+2	hd0.75	7.5	1.4	14
96	77	Northern Foods	91	......	§3.75	3.5	6.3	8
109	70	Nurdin P'k. 10p	76	......	d1.84	5.1	3.7	8

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MINES

CENTRAL RAND

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FINANCE

DIAMOND AND PLATINUM

MINES—Continued

CENTRAL AFRICAN

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
210	155	Falcon Rh.50c	175	......	Q50c	1.3	24.4
24	15	Rhod'n Corp. 16²⁄₃p.	16	......	0.56	7.1	5.3
80	52	Roan Cons. K4	70	......	—	—	—
175	122	Tanganyika 50p	155	−1	Q10.0	1.2	6.4
90	78	Do. Pref. 80p	87	......	Q9%	16.3	8.3
41	32	Wankie Col. Rh.1	35	......	†Q7½c	1.4	18.3
16½	10	Zam.Cpr.SBD0.24	14½	......	—	—	—

AUSTRALIAN

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
15	10	Acmex 25c	13		—	—	—
132	64	Bougainville 50 Toea	125	+5	Q8c	1.4	4.0
125	63	BH South 50c	115	+1	—	—	—
820	150	Central Pacific	575	......	—	—	—
246	148	Conzinc Riotinto 50c	246	+6	Q10c	2.2	2.5
72	45	G.M. Kalgoorlie $1	48	......	—	—	—
140	81	Hamptn Areas 5p	135xd	+1	t3.5	2.0	3.9
40	10	Metals Ex. 50c	28½	+½	—	—	—
220	125	M.I.M. Hldgs. 50c	204	+7	Q9c	1.7	2.7
39	10	Mount Lyell 25c	26	......	—	—	—
6½	1½	Newmetal 10c	5	+¼	—	—	—
143	79	North B. Hill 50c	123	......	Q8c	1.5	4.0
16	8½	Nth. Kalgurli	13½	......	—	—	—
178	117	Oakbridge $A1	166	+1	†Q11c	1.9	4.1
50	30	Pacific Copper	46	......	—	—	—
£14¾	750	Pancont 125c	£13	......	—	—	—
40	12	Paringa M&Ex.5p	36½	+½	—	—	—
538	310	Peko-Wallsend 50c	520	+2	Q15c	4.0	1.8
300	50	Southern Pacific	220	+5	—	—	—
160	84	Westn. Mining 50c	149	+2	‡Q6c	1.4	‡
70	35	Whim Creek 20c	55	......	—	—	—

TINS

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
30	24	Amal. Nigeria	25	......	†2.51	1.6	15.2
400	240	Ayer Hitam $M1	390	−10	‡Q45.7c	0.9	‡
60	45	Berali Tin	53	......	3.75	4.4	11.2
300	200	Berjuntai $M1	300	......	‡Q110c	ϕ	‡
145	111	Geevor	132	......	h4.51	3.4	5.2
10	8½	Gold & Base 12½p	9½	......	—	—	—
300	220	Gopeng Cons.	300	......	15.0	0.9	7.7
165	130	Hongkong	160	......	—	—	—
93	78	Idris 10p	85	......	12.0	1.6	22.6
11	10	Jantar 12½p	10	......	—	—	—
77	68	Kamunting $M0.50	77	......	ZQ15.5c	0.7	4.3
510	450	Killinghall	460xd	......	Q125	ϕ	27.2
415	280	Malay Dredging $M1	415	......	†Q95c	0.8	4.9
73	40	♠Pahang	73	......	†Q3.75c	0.5	‡
62	50	Pengkalen 10p	61	......	6.5	1.3	16.1
230	165	Petaling $M1	230	+5	†Q80c	1.6	8.0
61	49	Saint Piran	49	......	g1.99	4.6	6.2
61	47	South Crofty 10p	53xd	......	3.13	2.0	11.8
220	140	South Kinta $M0.50	215	−5	†Q77.8c	1.4	7.8
330	250	Sthn Malayan $M1	325	−5	†Q131.3c	1.1	8.7
228	134	Sungei Besi $M1	225	−3	Q65c	ϕ	6.2
78	55	Supreme Corp. $M1	78	......	ZQ10c	—	2.8
100	85	Tanjong 15p	92	......	6.5	0.8	10.7
100	74	Tongkah Hrbr. $M1	92	......	‡Q56.6c	1.6	‡
233	148	Tronoh $M1	233	......	ZQ88c	1.6	8.1

COPPER

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
100	70	Messina R0.50	88	+2	†Q30c	1.9	‡

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
61	35	Barymin	54	+1½	—	—	—
17	9	Burma Mines 17½p.	14	......	—	—	—
300	220	Cons. Murch. 10c	255	......	‡Q30c	2.6	‡
465	245	Northgate C$1	405	−20	—	—	—
234	164	R.T.Z.	224	+2	9.5	2.8	6.4
90	30	Sabina Inds. C$1	64	......	—	—	—
£12	750	Tara Exptn. $1	900	+25	—	—	—
45	43	Tehidy Minerals 10p	43	......	1.33	ϕ	4.7
180	120	Yukon Cons. C$1	166	......	Q7c	2.9	2.0

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ▲ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * *Highs and Lows marked thus have been adjusted to allow for rights issues for cash.*
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: *cover relates to previous dividends or forecasts.*
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ÷ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. *j Payment from capital sources. k Kenya. m Interim higher* than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other *official estimates for* 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 38

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	24	......
Ash Spinning	44	......
Bertam	21	......
Bdg'wtr. Est. 50p	267	......
Clover Croft	26	......
Craig & Rose £1	475	......
Dyson (R. A.) A	37	−1
Ellis & McHdy	61	......
Evered	17½	......
Fife Forge	50	......
Finlay Pkg. 5p	23½	......
Graig Ship. £1	140	......
Higsons Brew	73	......
I.O.M. Stm. £1	150	......
Holt (Jos.) 25p	260	......
N'thn. Goldsmith	56	+1
Pearce (C. H.)	180	......
Peel Mills	20	......
Sheffield Brick	45	......
Sheff. Refrshmt.	52	......
Sindall (Wm.)	103	......

IRISH

Conv. 9% '80/82	£90⅞	+⅛
Alliance Gas	70	......
Arnott	337	......
Carroll (P.J.)	96	......
Clondalkin	100	+2
Concrete Prods.	130	......
Heiton (Hldgs.)	40	......
Ins. Corp.	148	......
Irish Ropes	130	......
Jacob	62	......
Sunbeam	32	+2
T.M.G.	173	......
Unidare	90	......

OPTIONS
3-month Call Rates

Industrials					
A. Brew	6½	I.C.I.	20	Tube Invest.	30
A.P. Cement	18	"Imps"	6	Unilever	35
B.S.R.	9	I.C.L.	20	Utd. Drapery	7½
Babcock	11	Inveresk	8	Vickers	15
Barclays Bank	25	KCA	3	Woolworths	5
Beecham	35	Ladbroke	17	**Property**	
Boots Drug	15	Legal & Gen.	14	Brit. Land	3¼
Bowaters	16	Lex Service	7	Cap. Counties	4½
B.A.T.	24	Lloyds Bank	22	E.P.	5
British Oxygen	6	"Lots"	4	Intereuropean	4
Brown (J.)	20	London Brick	5	Land Secs.	16
Burton 'A'	12	Lonrho	5	MEPC	12
Cadburys	5	Lucas Inds.	25	Peachey	8
Courtaulds	10	Lyons (J.)	10	Samuel Props.	9
Debenhams	8	"Mams"	7	Town & City	1¼
Distillers	15	Mrks. & Spncr	10	**Oils**	
Dunlop	7	Midland Bank	25	Brit. Petroleum	45
Eagle Star	11	N.E.I.	12	Burmah Oil	5
E.M.I.	14	Nat. West. Bank	22	Charterhall	3
Gen. Accident	17	Do. Warrants	10	Shell	28
Gen. Electric	18	P & O Dfd.	8	Ultramar	20
Glaxo	40	Plessey	8	**Mines**	
Grand Met.	9	R.H.M.	5	Charter Cons.	12
G.U.S. 'A'	20	Rank Org. 'A'	18	Cons. Gold	14
Guardian	18	Reed Intnl.	12	Rio T. Zinc	16
G.K.N.	22	Spillers	3		
Hawker Sidd.	20	Tesco	4		
House of Fraser	12	Thorn	22		
		Trust Houses	15		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Thursday July 13 1978

Summit hopes hinge on U.S. energy plan

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

COMMITMENTS by the U.S. Administration on energy policy are seen by the British Government as central to hopes of securing West German and Japanese agreement to an economic package at the seven-nation summit starting in Bonn on Sunday.

The UK's aspirations for the meeting are centred on action by the stronger economies to boost their growth rates, to promote energy conservation and, where relevant, to reduce their current account surpluses.

Senior officials in London stress, however, that the willingness of the West German and Japanese Governments to agree to such a bargain will depend on whether President Carter can provide a positive response on energy. The exact German and Japanese positions are still regarded as unpredictable.

The Whitehall view is that U.S. domestic oil prices are far too low on conservation grounds and represent the biggest subsidy anywhere in the world.

This view could be used as a debating ploy at Bonn if the U.S. criticises UK aid to industry.

The emphasis in Whitehall is on avoiding the creation of excessive expectations ahead of *the summit, partly for tactical* political reasons. It is stressed that no *new initiatives* are likely on currency stabilisation.

Any growth package is seen as depending on a collective willingness to take action which countries might be unwilling to take individually.

But *there will be no repetition* of earlier unsuccessful attempts to secure commitments to economic growth targets. The emphasis will be more on what extra action can be taken.

Contribution

It is argued in London that the UK has already made its own contribution, since the budgetary stimuli in the last year amount to 1¼ per cent of Gross Domestic Product, which is more than in other industrialised countries.

Britain will essentially be looking to the stronger economies to take the lead. So the statement by Mr. Takeo Fukuda, Japanese Prime Minister, that Japan would be prepared to see a major reduction in its current account surplus was welcomed in London yesterday.

Mr. Fukuda's comment about *channelling* aid funds to the developing world is expected to be reflected in a specific commitment at the summit on Japan's capital transfers overseas.

It is expected that the Franco-German plans for currency *stabilisation may be discussed* informally but no formal reaction *from the U.S. is likely.*

It was pointed out in London *yesterday that the traditional* U.S. view has been to welcome *any proposal which will promote* European integration.

Consequently, European *currency plans are not seen as a complicating factor in the* summit.

● President Carter said in an ITN interview last night he would urge the reduction of Tokyo's trade surplus at the summit.

"One of the things we would like to see done is for both Japan and Germany to stimulate their economies so that the growth may be higher, and so that they might be better able to buy our own goods that we would like to sell," he said.

Carter denounces Soviet treatment of Shcharansky

BY OUR FOREIGN STAFF

ON THE eve of his departure for the Bonn Summit, President Carter has denounced the Soviet treatment of Mr. Anatoly Shcharansky, the Russian dissident, as an "attack on every human being who believes in basic freedom."

Speaking on ITN's News at Ten, the President denied that Mr. Shcharansky was a spy for the U.S., and asserted that he was being tried for his human rights activities.

Mr. Shcharansky has been accused by the Soviet authorities of working for the CIA and faces a possible death sentence for treason, despite a statement by the President last year that the dissident had no connections with the U.S. intelligence agencies.

This was President Carter's strongest response so far to the Shcharansky trial.

The U.S. would "let the Soviets *know of our displeasure* and also work towards the mini*misation of any punishment* meted to to Mr. Shcharansky," *the President said.*

While certain courses of action were being considered, the U.S. could not determine the outcome of the trial or any punishment that might be allotted to Mr. Shcharansky.

Reginald Dale writes from Geneva: The U.S. and Soviet Union resumed negotiations for a new Strategic Arms Limitation agreement (SALT II) here, despite widespread feeling in Washington that the talks should have been postponed in protest at the trials of the Russian dissidents.

Mr. Cyrus Vance, U.S. State Secretary, went ahead with a presentation of the latest U.S. position on SALT, without apparently raising the dissidents' issue. U.S. officials confirmed that Washington was still against linking human rights to the SALT negotiations.

Mr. Vance is taking every opportunity to rub home Washington's displeasure at the trials, during the two days of talks.

Immediately after completing his negotiations with Mr. Andrei Gromyko, Soviet foreign minister, he is to meet the wife of Mr. Sharansky to demonstrate U.S. solidarity with the dissidents.

Dissident accused of 'agitation'

BY DAVID SATTER

MOSCOW, July 12.

A SOVIET State prosecutor today demanded eight years in a labour camp and three years internal exile for Mr. Alexander Ginzburg, the Soviet dissident, who is standing trial in Kaluga, south of Moscow, for "anti-Soviet agitation."

At the same time, the Moscow court trying Mr. Anatoly *Shcharansky, a Jewish dissident,* met in secret this morning to *consider signed testimony by* Mr. Robert C. Toth, former *Moscow Correspondent of the* Los Angeles Times, who has been accused of passing Defence secrets gathered by Mr. Shcharansky to the West.

Mr. Ginzburg's wife, Arina, continued to be barred from the courtroom in Kaluga following her denunciation of a prosecution witness' testimony as "lies from beginning to end."

But a court official reported that the Prosecutor demanded an *especially severe prison regime* for Mr. Ginzburg because "he tried *to spread false information* about the Soviet Union to foreign *news organisations.*"

A Soviet court is not obliged *to follow a Prosecutor's recom*mendation after a conviction and so Mr. Ginzburg could still be sentenced to the maximum penalty for a second conviction for "anti-Soviet agitation" which is 10 years' imprisonment and five years exile. Mr. Ginzburg was convicted of anti-Soviet agitation in 1968 and received a five-year sentence.

A Soviet official said that at the secret morning session of the *trial of Mr. Shcharansky,* the testimony of a foreign corres*pondent, earlier identified as* Mr. Toth, was read out in the closed court session.

Mr. Toth has been accused by the Soviet Union of having been an intelligence agent working under journalistic cover and the court heard testimony by court-designated experts that information allegedly passed by Mr. Shcharansky to the West through Mr. Toth was "absolutely secret."

As far as is known, the only information that Mr. Shcharansky gathered for Mr. Toth that had any relaiton to defence installations was a list of the places where Jews, refused exit visas because of knowledge of State *secrets, had been working.*

Mr. Toth published an article *in the Los Angeles Times on the* location and character of these workplaces

niks" on the street outside the courtroom where Mr. Shcharansky was being tried, pointed out that a list of installations where "Refuseniks" have worked was easily available from former "Refuseniks" who at one time had been refused visas on secrets grounds and were now in Israel or the U.S.

Mr. Shcharansky, *a founding* member of the dissident group which tried *to monitor Soviet* observance of the Helsinki accords, has been charged with treason in the form of espionage, *punishable by death. He is also* charged with anti-Soviet agitation punishable by up to seven years' imprisonment and five years' exile.

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Callaghan hint

30 per cent this year, you will be a darned sight better off than those who get 5 per cent. But, if everyone gets 30 per cent you'll be a darned sight worse off."

In a direct attack on the Conservatives, Mr. Callaghan said there were "all sorts of spurious nostrums and quack remedies" being displayed for bringing down inflation. There was a demand for cuts in taxes and increases in public expenditure — but the Government could only cut taxes if it departed from its basic approaches and aims.

"We cannot possibly allow those who believe in a market economy to take charge of the affairs of this country in a situation where they believe every Government grant, subsidy and increase in public expenditure is harmful."

● In another important development yesterday, the General and Municipal Workers' Union set the scene for sharp debate at the September TUC Congress—possibly the last before the election—by putting on the agenda a resolution that the TUC should set its own wage bargaining guidelines

Weather

SUNNY, perhaps showers.

London, S. England, Channel Is., S. Wales
Sunny intervals, perhaps showers. Max. 21C (70F).

E. Anglia, N.E. England, Borders, Edinburgh, Dundee, Aberdeen
Dry, sunny. Max. 20C (68F).

Midlands, N. Wales, N.W. central England, Lakes
Dry, sunny periods. Max. 22C (72F).

Isle of Man, S.W. Scotland, Glasgow, Highlands, N. Ireland
Dry, sunny periods. Max. 20C *(68F).*

Moray Firth, N. Scotland, Orkney, Shetland
Dry, cloudy, some bright intervals. Max. 14C (56F).

Outlook: Mostly dry in South, sunny intervals; rain in Scotland and later in E.

BUSINESS CENTRES

		Y'day midday °C	°F			Y'day midday °C	°F
Amstrdm.	C	19	66	Lisbon	S	24	75
Athens	S	36	97	London	C	17	63
Barcelona	S	24	75	Luxembrg.	C	20	68
Beirut	S	28	82	Madrid	S	28	82
Belfast	S	19	66	Manchstr.	S	19	66
Belgrade	S	29	84	Melbourne	C	9	48
Berlin	F	23	73	Munich	F	22	72
Birmnghm.	C	15	59	Newcastle	C	12	54
Bristol	C	18	64	Oslo	F	21	70
Brussels	C	20	68	Paris	C	20	68
Cardiff	C	18	64	Perth	C	15	59
Cologne	C	21	70	Prague	S	22	72
Copnhagn.	C	16	61	Reykjavik	R	9	48
Dublin	S	18	64	Stockholm	C	18	64
Edinburgh	C	16	61	Strasbrg.	S	23	73
Frankfurt	Th	22	72	Sydney	F	14	57
Geneva	S	21	70	Tel Aviv	S	28	82
Glasgow	S	17	63	Vienna	S	27	81
Helsinki	C	16	61	Zurich	R	19	66

HOLIDAY RESORTS

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	24	75	Istanbul	S	31	88
Algiers	S	28	82	Jersey	C	17	63
Biarritz	C	21	70	Las Plms.	S	23	73
Blackpool	S	20	68	Locarno	F	24	75
Bordeaux	F	24	75	Luxor	S	42	108
Boulogne	C	15	59	Majorca	C	26	79
Casblnca.	C	20	68	Malaga	S	25	77
Corfu	S	33	91	Malta	S	33	91
Dubrovnik	S	30	86	Naples	S	29	84
Faro	S	25	77	Nice	S	24	75
Florence	S	29	84	Oporto	S	19	66
Funchal	S	21	70	Rhodes	S	32	90
Gibraltar	S	26	79	Salzburg	F	24	75
Guernsey	Fg	16	61	Tenerife	S	18	64
Innsbruck	S	22	72	Tunis	S	34	93
Inverness	C	13	55	Valencia	S	25	77
Is. of Man	S	16	61	Venice	S	26	79

C—Cloudy. F—Fair. R—Rain. S—Sunny. Th—Thunder.

Continued from Page 1

Trade talks

guard measures against countries flooding their markets with cheap imports.

Washington, however, is still resisting EEC demands that it should be possible to introduce such safeguards without lengthy prior consultation.

On agriculture, the U.S. and the EEC made substantial progress towards a common form of words in bilateral negotiations here this morning, rendering it unlikely that the problem will have to be referred to the summit for further guidance.

Negotiations for a new international wheat agreement ended inconclusively here today, but there was some hope of progress *on the main problem issues.*

Hint of Thatcher rift with Heath over Bremen

BY PHILIP RAWSTORNE

THE FRAGILITY of Mr. Edward Heath's recent accord with Mrs. Margaret Thatcher was emphasised last night in differences over policy towards the Bremen proposals for a European monetary system.

Mr. Heath, with an *enthusiasm* that contrasted markedly with Mrs. Thatcher's caution this week, greeted the Franco-*German plan* as the EEC's *first* important initiative for more *than five years.*

In a speech in London to the Conservative Group for Europe, he called on Mr. James Callaghan to ensure its success. Britain's interests demanded that the Prime Minister should resist opposition from the Labour Party and sabotage attempts by Treasury officials, Mr. Heath declared.

Mrs. Thatcher welcomed the scheme, but told the Commons on Monday that it was no substitute for running our own economy soundly.

Mr. John Nott, Shadow spokesman on trade, referred to a similar EEC scheme when Mr. Heath was in power. He told the Institute of Export in London: "We have been down this road before—and so have other countries—and it failed."

He observed: "We must not let the ambitions of European federalists, however passionately held, lead us into an entanglement—into a currency straight-jacket—which damages this country's capacity to sort out its own problems."

It was the duty of Ministers and the Treasury to think through the consequences to Britain of the proposals, he said.

But Mr. Heath last night insisted that Mr. Callaghan should have joined France and West Germany in taking the initiative. "He was taken *unawares* . . . could only stand limply on the *touchline,*" he said.

The Prime Minister had a tremendous responsibility to see that the scheme, which could greatly increase the EEC's *economic* prosperity, was implemented.

Mr. Callaghan had to convince his European partners that *his* Government was sincere in wishing to improve the present scheme and to bring it into operation early next year.

Mr. Heath described as "diabolical" a Press briefing by Treasury officials on the Bremen proposals. It was "directly contrary" to the Prime Minister's Commons statement this week.

"Such a briefing, showing officials 'sceptical to the point of contempt' for the scheme, can only undermine the Prime Minister's own position and make his relations with his European colleagues infinitely more difficult." The Treasury's jibes about allowing the danger of enthusiastic amateurs to dream up schemes of monetary reform could *only* be a direct reflection on Mr. Callaghan himself. "Will he have *the* strength to prevent them sabotaging this scheme?" Mr. Heath demanded.

Europe was again *on* the move, he said, and our partners would go ahead without us if necessary. The Government would ruin Britain's chances of securing the changes they wanted in the Bremen proposals if they sought to destroy the Common Agricultural Policy.

The decision on the monetary scheme could not be left to the technocrats.

Dispute at Grunwick ends after 23 months

BY NICK GARNETT

THE GRUNWICK dispute formally and finally ended yesterday. During the 23 months it *lasted the dispute* developed into an issue of law and order and *spotlighted the weakness* of unions in obtaining recognition *in the face of an obdurate* employer.

Yesterday the council of the Advisory, Conciliation and Arbitration Service decided that it was unable to proceed any further with the two union recognition claims at the North London film processing company.

Mr. Roy Grantham, the general secretary of the Association of Professional, Executive, Clerical and Computer Staff, the main union involved conceded that the dispute had come to an end.

There was nothing more the union could do, but provide advice on alternative employment to about 50 strikers who are still receiving strike pay.

Mr. George Ward, the company's managing director jubilantly broadcast the news over the company's internal public address system.

"We are thrilled. At long last we should be left alone to carry on business without the harassment of the bureaucracy. The workers cheered when I told them."

The company admitted, however, that union blacking had been a severe financial blow. "We *have suffered* for a long period and are very relieved. We intend being a very successful company again," said Mr. Ward.

The arbitration service council said that it was unable directly to ascertain the opinions of all the workers—one of the prime requirements for the service following the series of legal judgments last year which were finally clarified by the House of Lords.

Along with APEX, the Transport and General Workers' Union had also submitted a recognition claim.

The arbitration service said yesterday that the company had explained that any employee could have his or her trade union discuss matters with the company on his or her behalf.

The company would not concede recognition, however, to a trade union nor offer to a union member an arrangement not available to other employees.

The arbitration service concluded that further attempts to reach a voluntary settlement would be unsuccessful.

The company then informed the service that it could not agree to provide the facilities necessary for a further survey of worker opinion. This finally persuaded the service that it could not proceed.

● The arbitration service council *yesterday decided that it would* appeal against last month's High *Court judgment in which one of* its recognition reports was *declared void.*

The service had decided not to recommend recognition for the United Kingdom Association of Professional Engineers at APE-Allen, Bedford, in spite of strong support in the area which it wished to represent.

U.S. nuclear policy made more flexible

BY DAVID FISHLOCK, SCIENCE EDITOR

A SIGNIFICANTLY more flexible version of the U.S. Government's present policy for controlling nuclear proliferation has been put to nuclear industry chiefs and senior civil servants in London this week.

A senior State Department official, Dr. Joseph Nye, outlined measures which the U.S. Government would now accept as adequately safeguarding European projects for reprocessing spent nuclear fuel and operating fast breeder reactors.

These are likely to be acceptable and reassuring to many governments aggrieved by current U.S. policy.

Dr. Nye said that his brief was conciliatory and designed to bring the U.S. closer to its allies' views.

He told the annual meeting of the Uranium Institute yesterday that his government was "keenly sensitive to the energy security situations of other countries."

The U.S. Administration had been severely criticised for the anti-proliferation policy announced by President Carter, in April 1977, chiefly because it was insensitive to energy resource problems of countries *lacking large uranium reserves.*

The U.S. Government wholeheartedly supported nuclear power based on light water reactors, while the U.S. would have 320,000 MW of nuclear electricity capacity by the end of the century — 15 per cent of U.S. primary energy supply.

His government also accepted the need to develop the commercial fast breeder reactor.

But it was asking nations *which found it necessary to press* ahead now with the fast breeder *reactor to "include the following* factors in the decision-making *process":*

● To avoid trying to cut unit capital cost by "premature" exports, and to restrict its use to situations where it showed "compelling advantages."

● To design the fuel cycle to make "misuse" difficult and time-consuming, even though this might increase electricity costs.

● To minimise movements of fissile materials, such as plutonium:

● To organise multi-national institutions to safeguard the plants against proliferation.

Mining News Page 30

THE LEX COLUMN

Stacking the odds against casinos

The lush world of the Mayfair casinos *will never be the same* again. Even if the recommendations of the Royal Commission on Gambling are not implemented, the Commission has really thrown the cat among the pigeons by focusing attention on *what is almost* certainly the country's most profitable business. *Future governments* are unlikely to ignore the recommended revenue raising possibilities and it is little wonder that, despite their recent weakness, the Coral share price slumped 12p to 95p and Ladbroke's shares fell 16p to 170p. The message is clear—the salad *days for them are over.*

The Royal Commission reckons that *the return on* capital employed of the average casino is *172* per cent and for the London casinos alone, the figure is 432 per cent. If this were not enough, the Royal Commission estimates that the *ordinary punter* in the betting shop pays proportionately 58 *times more tax than the* average casino gambler; one of the main purposes of the recommendations is to remove this anomaly.

The Commission's attack on the casinos takes two forms. First, it proposes that the existing gaming licence duty should be increased eightfold. With luck, the casinos could recoup much of this by levying a maximum 7½ per cent "general betting duty" on money exchanged for chips. The Commission assumes that if it is fully implemented this tax could lead to a 25 per cent decline in the "drop" (money exchanged for chips). Last night some casino operators were suggesting that the fall in business could be more like 50-60 per cent at a time when gambling is already on a plateau.

Second, and potentially more serious is the imposition of a 3 per cent additional casino levy for all the big casinos with a *drop of over £10m.* In practice, this would mean that instead of *making pre-tax profits* of £42.1m last year the big London casinos *would only have* made £10.1m. So it looks as if the London *casinos have more to fear* than the smaller provincial chains of *companies like* Pleasurama and Reo Stakis, and last night the *industry was hysterically* forecasting that these moves herald *the end of the Mayfair casinos* and that gambling will be driven *underground.*

Index rose 6.0 to 473.3

PRE-TAX PROFITS GROWTH LEAGUE
Ten years—1968-77

		% Increase
1.	Coral Leisure	6,036
2.	*Ladbroke Group*	5,573
3.	J. Smurfit	5,165
4.	Racal Electronics	3,567
5.	Mothercare	2,646
6.	Dixons Photo.	2,273
7.	Dunbee-Combex	2,237
8.	BTR	2,154
9.	Associated Dairies	2,080
10.	Hanson Trust	1,942

Source: Management Today.

Deutsche Bank

Deutsche Bank *has* traditionally increased its capital in big steps taken relatively seldom. Its announcement yesterday of a 1 for 12 rights issue, *following one of 1 for 15* only eight months ago, suggests that it has now fallen into line with other German banks. They tend to inch their capital upwards as their balance sheets grow.

German banks must keep their loan portfolios at less than 18 times their net worth. Between April 1977 and April 1978 Deutsche Bank's balance *sheet total has increased by one* fifth with expansion of its overseas business an important element in this growth. This new issue will increase the bank's net worth by 9.3 per cent from its year-end total of DM 3.45bn.

The German stock indices are almost back to their highs at *the start of the year* and bank shares have been performing well of late. The new shares are being issued at DM 200—a discount of one-third on the market price. As an unusual *sweetner they will be entitled to the full dividend* for 1978. At the issue price the historic dividend yield is 7 per cent *for* German shareholders, enough to put the overall ex rights yield up from 4.6 to 4.8 per cent. Foreigners, thanks to the German tax structure, get substantially less.

Furness Withy

The message from Furness Withy's annual meeting is that *profits* will be substantially lower in the current year. Even *so its performance may be* relatively smooth compared with the setbacks likely at Ocean and P&O. Furness lagged well behind these two during the good times, with their heavy exposure to the West African and Middle East trades, and *their much larger investment* in Overseas Containers. But the less glamorous Furness routes —like South America or the North Atlantic—are holding up much better in slump conditions.

In fact most of this year's setback will stem from higher finance costs, lower profits from *ship sales and a drop in income* from the associates. Any short*fall from Overseas Containers* is not likely to be material, since an increased shareholding will give Furness a larger share of a smaller cake. But the marine drilling associate, which produced nearly £1m last year, is having a difficult time.

Overall profits could fall from £20.7m *(including £3.4m from* ship sales) to, say, £14m or so. *That would still leave* the dividend very comfortably covered —which is more than can be said for Ocean and, in particular, P&O. But when it comes to dividend *increases* Furness will have to weigh the presence *of potential predators against* the possibility which it now sees of the shipping slump extending to the middle of the 1980s.

New issues

Twice *now Robert Fleming* has dipped its toe into the water and almost got drowned. Well over £200m was put up for the £2.85m Eurotherm offer for sale in May, and yesterday £186m was subscribed for the £1.77m Cartiers Superfoods issue. In between, however, Fleming got the *Hunting Petroleum* flotation just about right.

Clearly there is a big and largely untapped demand for the slightly glamorous small growth company. Moreover there is a large volume of *punters' money* floating about, and yesterday stags were to be seen milling about outside the receiving bank before 10 am (when the lists opened) to make sure the issue was going well and was worth applying for. In the new issue game, success breeds success, and in current conditions the margin between failure and huge oversubscription is a fine one.

Only a steady flow of new issues could bring back a degree of order and predictability. Meantime the stags are left to *rue the fact that Ferranti has* rejected the possibility of an *offer for sale.*

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